

Public Document Pack



Department of Corporate Resources

Members of Council

Committee Secretariat

Legal and Democratic Services
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City Hall
Bradford
West Yorkshire
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Tel: 07811 503906
Contact: Guy Close
Email: guy.close@bradford.gov.uk
Your Ref: GC/Council

Date: 9 May 2022

Dear Councillor,

MEETING OF COUNCIL – TUESDAY, 17 MAY 2022

You are requested to attend the meeting of the Council to be held in the City Hall, Bradford, on **Tuesday, 17 May 2022 at 10.30 am.**

The agenda for the meeting is set out overleaf.

Yours sincerely,

A handwritten signature in black ink that reads 'Bryn Roberts'. The signature is written in a cursive style.

Bryn Roberts
Interim City Solicitor

Notes:

- A webcast of the meeting will be available to view live on the Council's website at <https://bradford.public-i.tv/core/portal/home> and later as a recording.
- The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted.
- Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Agenda Contact who will provide guidance and ensure that any necessary arrangements are in place. Those present at the meeting should be aware that they may be filmed or sound recorded.
- The Fire Bell and Evacuation Procedure requires people to leave the building in an orderly fashion by the nearest exit, should the fire alarm sound. No one will be allowed to stay or return until the building has been checked.

Members are reminded that under the Members' Code of Conduct, they must register within 28 days any changes to their financial and other interests and notify the Monitoring Officer of any gift or hospitality received.

AGENDA

A. PROCEDURAL ITEMS

1. ELECTION OF LORD MAYOR

To elect a Lord Mayor for the 2022/23 municipal year.

2. APPOINTMENT OF DEPUTY LORD MAYOR

To appoint a Deputy Lord Mayor for the 2022/23 municipal year.

3. DISCLOSURES OF INTEREST

(Members Code of Conduct - Part 4A of the Constitution)

To receive disclosures of interests from members and co-opted members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

Notes:

- (1) *Members may remain in the meeting and take part fully in discussion and voting unless the interest is a disclosable pecuniary interest or an interest which the Member feels would call into question their compliance with the wider principles set out in the Code of Conduct. Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (2) *Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*
- (3) *Members are also welcome to disclose interests which are not disclosable pecuniary interests but which they consider should be made in the interest of clarity.*
- (4) *Officers must disclose interests in accordance with Council Standing Order 44.*

4. MINUTES

Recommended – That the minutes of the meeting held on 15 March 2022 be signed as a correct record (previously circulated).

(Guy Close – 07811 503906)

5. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

(Guy Close – 07811 503906)

**6. WRITTEN ANNOUNCEMENTS FROM THE LORD MAYOR
(Standing Order 4)**

(To be circulated before the meeting).

7. INSPECTION OF REPORTS AND BACKGROUND PAPERS

(Access to Information Procedure Rules – Part 3B of the Constitution)

Reports and background papers for agenda items may be inspected by contacting the person shown after each agenda item.

Certain reports and background papers may be restricted.

Any request to remove the restriction on a report or background paper should be made to the relevant Strategic Director or Assistant Director whose name is shown on the front page of the report.

If that request is refused, there is a right of appeal to this meeting.

Please contact the officer shown below in advance of the meeting if you wish to appeal.

(Guy Close – 07811 503906)

B. BUSINESS ITEMS

8. AMENDMENTS TO THE CONSTITUTION

1 - 104

To receive and consider a joint report from the Interim City Solicitor and the Director of Finance and IT providing details of the proposed amendments to the Constitution, including amendments to Contract Standing Orders and Financial Regulations recommended by Governance and Audit Committee.

It is recommended to Council that:

- a) the proposed amendments to the Constitution, as agreed and recommended to Council for approval by Governance and Audit Committee and as set out in the Interim City Solicitor's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022; and
- b) the proposed amendments to the Council's Contract Standing Orders and Financial Regulations, as agreed and recommended to Council for approval by Governance and Audit Committee and as set out in the Director of Finance and IT's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022, subject to clarification of Paragraph 12.1 (Appendix 1 of the Director of Finance's report to Governance and Audit Committee) as detailed in the decision of Governance and Audit Committee, and subject to the consistency of terminology relating to Appropriate Officer in Appendix 2 of the Director of Finance's report to Governance and Audit Committee,

be approved and implemented;
- c) the Interim City Solicitor be granted delegated authority to make any consequential amendments required to the Council's Constitution as a result of any recommendations approved by full Council.

(Mandy Hill – 07814 779101)

**9. MEMBERSHIP OF COMMITTEES AND JOINT COMMITTEES
(Standing Order 4)**

To appoint Members to Committees; Chairs and Deputy Chairs of Committees (other than Area Committees) and West Yorkshire joint committees

(The membership list (Document C) will be circulated to Members and published on the Council's website when the nominations have been received from the political groups).

(Guy Close – 07811 503906)

10. RECOMMENDATIONS FROM THE EXECUTIVE AND COMMITTEES (Standing Order 15) 105 - 144

At the meeting of Governance and Audit Committee held on 24 March 2022, consideration was given to a report of the Director of Finance and IT, which sought referral of the Treasury Management Strategy 2022-23 to Council for adoption.

Resolved – That Document Z be noted and referred to Council for adoption.

(David Willis – 01274 432361)
(Lynsey Simenton – 07582 102779)

11. DATE AND TIME OF COUNCIL MEETINGS FOR 2022/23

Recommended – That ordinary meetings of Council during the municipal year 2022/23 be held at 1600 on the following Tuesday's except where indicated otherwise:

- 12 July 2022
- 11 October 2022
- 13 December 2022
- 24 January 2023
- 23 February 2022 (Thursday)
- 14 March 2022
- 23 May 2022 (1030)

(Guy Close – 07811 503906)

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Report of the Interim City Solicitor and Director of Finance and IT to the meeting of Council to be held on 17 May 2022

Subject:

Amendments to the Constitution

Summary statement:

This report provides Members with details of the proposed amendments to the Constitution including amendments to Contract Standing Orders and Financial Regulations recommended by Governance and Audit Committee.

EQUALITY & DIVERSITY:

There are no equality or diversity implications.

Bryn Roberts,
Interim City Solicitor and
Chris Chapman,
Director of Finance and IT

Portfolio: Corporate

Report Contact: Mandy Hill
Assistant City Solicitor (Democratic Services)
Phone: M:07814 779101
E-mail: mandy.hill@bradford.gov.uk

1. SUMMARY

This report provides Members with details of the proposed amendments to the Constitution including amendments to Contract Standing Orders and Financial Regulations recommended by Governance and Audit Committee.

2. BACKGROUND

- 2.1 Article 14 of the Constitution requires the Monitoring Officer to maintain an up-to-date version of the Constitution and is authorised to make such amendments to the Constitution and related documents as may be necessary, but not including any changes of substance, to reflect and take account of changes in legislation, guidance, Council policy, decisions of the Council and Executive, and drafting changes and/or improvements.
- 2.2 Article 17 of the Constitution requires the Monitoring Officer to take steps to make himself aware of the strengths and weaknesses of the Constitution and make recommendations for improvement. Changes to the Constitution can only be made following approval by the full Council or by the Monitoring Officer, as set out in paragraph 2.1 above.
- 2.3 This report concerns proposals for amendments to the Constitution.

3. PROPOSED AMENDMENTS TO THE CONSTITUTION

- 3.1 The proposed amendments to the Constitution fall into the following categories:
 - (a) Proposed amendments to the Constitution following the adoption by Council on 15 March 2022 of the Local Government Association Model Code of Conduct with amendments including proposed amendments to the Protocols on Member-Officer Relations, Members Gifts and Hospitality and Members Use of Council Resources including Use of E-mail and the Internet (“the Protocols”); and
 - (b) Proposed amendments to the Council’s Contract Standing Orders and Financial Regulations as detailed in the Constitution following the annual review of the same.
- 3.2 Full details of the proposed amendments can be found in the Reports and appendices of the Interim City Solicitor and Director of Finance and IT to Governance and Audit Committee for the meeting held on 21 April 2022.

4. FINANCIAL & RESOURCE APPRAISAL

The resources required to amend the Constitution can be met from existing provision.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 The proposed amendments to Contract Standing Orders and Financial Regulations are offered to improve the Council's finance and procurement related processes and provide rules to limit risk to the Council.
- 5.2 The proposed amendments to the Protocols ensure that they are kept up to date and are consistent with the Members' Code of Conduct adopted by Council on 15 March 2022.

6. LEGAL APPRAISAL

- 6.1 The legal implications are reflected in this Report and in the Reports of the Interim City Solicitor and Director of Finance and IT to Governance and Audit Committee on 21 April 2022.

7. OTHER IMPLICATIONS

7.1 SUSTAINABILITY IMPLICATIONS

There are no sustainability implications, greenhouse gas emissions impact or community safety, Human Rights Act, Trade Union, ward or corporate parenting implications in this report.

7.2 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

Not applicable

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

- 9.1 On the recommendation of Governance and Audit Committee to adopt the proposed amendments to the Constitution including the amendments to the Council's Contract Standing Orders and Financial Regulations.
- 9.2 Not to adopt the proposed amendments and require further consideration before considering adoption.

10. RECOMMENDATIONS

- 10.1 It is recommended to Council that:
 - (a) the proposed amendments to the Constitution, as agreed and recommended to Council for approval by Governance and Audit Committee and as set out in the Interim City Solicitor's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022; and

- (b) the proposed amendments to the Council's Contract Standing Orders and Financial Regulations, as agreed and recommended to Council for approval by Governance and Audit Committee and as set out in the Director of Finance and IT's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022, subject to clarification of Paragraph 12.1 (Appendix 1 of the Director of Finance's report to Governance and Audit Committee) as detailed in the decision of Governance and Audit Committee, and subject to the consistency of terminology relating to Appropriate Officer in Appendix 2 of the Director of Finance's report to Governance and Audit Committee, be approved and implemented; and
- (c) the Interim City Solicitor be granted delegated authority to make any consequential amendments required to the Council's Constitution as a result of any recommendations approved by full Council.

11. APPENDICES

- (a) Interim City Solicitor's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022; and
- (b) Director of Finance and IT's report and appendices for the meeting of Governance and Audit Committee held on 21 April 2022.

12. BACKGROUND DOCUMENTS

None.

Report of the Interim City Solicitor to the meeting of Governance and Audit Committee to be held on Thursday 21 April 2022

AG

Subject:

Proposed amendments to the Constitution following the adoption by Council on 15 March 2022 of the Local Government Association Model Councillor Code of Conduct with amendments.

Summary statement:

This report provides Members with proposed amendments to the Protocols on Member-Officer Relations, Members Gifts and Hospitality and Members Use of Council Resources including Use of E-mail and the Internet for recommendation to Council following the adoption by Council on 15 March 2022 of the Local Government Association Model Councillor Code of Conduct with amendments.

EQUALITY & DIVERSITY:

There are no equality or diversity implications.

Bryn Roberts
Interim City Solicitor

Portfolio:

Corporate

Report Contact: Mandy Hill
Assistant City Solicitor
(Democratic Services)
Phone: M:07814 779101
E-mail: mandy.hill@bradford.gov.uk

1. SUMMARY

- 1.1 This report provides Members with details of proposed amendments to the Protocols on Member-Officer Relations, Members Gifts and Hospitality and Members Use of Council Resources including Use of E-mail and the Internet (“The Protocols”) for recommendation to Council following the adoption by Council on 15 March 2022 of the Local Government Association Model Councillor Code of Conduct with amendments. The Protocols form part of the Council’s Constitution. The report also recommends two amendments to the Constitution for clarity.

2. BACKGROUND

- 2.1 Article 14 of the Constitution requires the Monitoring Officer to maintain an up-to-date version of the Constitution and is authorised to make such amendments to the Constitution and related documents as may be necessary, but not including any changes of substance, to reflect and take account of changes in legislation, guidance, Council policy, decisions of the Council and Executive, and drafting changes and/or improvements.
- 2.2 Article 17 of the Constitution requires the Monitoring Officer to take steps to make himself aware of the strengths and weaknesses of the Constitution and make recommendations for improvement. Changes to the Constitution can only be made following approval by the full Council or by the Monitoring Officer, as set out in paragraph 2.1 above.
- 2.3 On 15 March 2022 on the recommendation of Standards Committee, Council adopted the Members’ Code of Conduct (“the Code”) as set out in Appendix 4 to this report to be effective from the beginning of the Municipal Year 2022/23.
- 2.4 As a consequence of the adoption of the Code consequential amendments are required to the Protocols on Member-Officer Relations, Members Gifts and Hospitality and Members Use of Council Resources including Use of E-mail and the Internet. (“The Protocols”). The report also recommends two amendments to the Constitution for clarity.
- 2.5 Although Council delegated authority to the City Solicitor to make any consequential amendments to the Constitution following the adoption of the Code in consultation with the Chair of Governance and Audit Committee this report is being brought to Governance and Audit Committee to consider the proposed amendments for recommendation to Council.

3. PROPOSED AMENDMENTS TO THE PROTOCOLS AND CONSTITUTION

- 3.1 The proposed amendments to the Protocol on Member-Officer Relations are set out in Appendix 1, Members Gifts and Hospitality in Appendix 2 and Members Use of Council Resources including Use of E-mail and the Internet in Appendix 3 all shown in red.
- 3.2 The amendments reflect the changes required as a consequence of adopting the Code together with a number of minor amendments to update the Protocols for example updating the caveat Members are advised to provide within emails in

paragraph 7.4.1 in the Protocol on Member- Officer Relations.

- 3.3 It is also recommended that the following paragraphs of the Constitution are amended for clarity as shown in red.

PART 1 SUMMARY AND EXPLANATION

10. The Public's Rights

10.2 *Where members of the public use specific council services, as a parent of a school pupil for example, they have additional rights. These are not covered in this Constitution. All members of the public have the right to:*

- *Complain to the Standards Committee if they have evidence which they think shows that a councillor has acted improperly and not in accordance with the Members' Code of Conduct **under the procedure for considering complaints against Councillors.***

PART 2

Article 3 The Public and the Council

Complaints

3.5 *Members of the public have the right to complain to:*

3.5.3 *The Standards Committee about a complaint that involves an allegation that a councillor has acted in breach of the Members' Code of Conduct **under the procedure for considering complaints against Councillors.***

4. FINANCIAL & RESOURCE APPRAISAL

4.1 The resources required to amend the Protocols which form part of the Council's Constitution can be met from existing provision.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

5.1 The proposed amendments ensure that the Protocols within the Constitution are kept up to date and are consistent with the Members' Code of Conduct adopted by Council on 15 March 2022.

6. LEGAL APPRAISAL

6.1 The legal implications are reflected in this report.

6.2 The adopted Members' Code of Conduct provides that should there be a conflict between the Code of Conduct and the Council's Protocols on Member-Officer Relations, Members' Use of Council Resources including use of Email and the Internet and Gifts and Hospitality, the Members' Code of Conduct will take

precedence.

- 6.3 The amended Protocols should be kept under review and should additional amendments be recommended they be brought back to Governance and Audit Committee or considered by the Monitoring Officer under Article 14 of the Constitution.

7. OTHER IMPLICATIONS

- 7.1 There are no sustainability implications, greenhouse gas emissions impact or community safety, Human Rights Act, Trade Union, ward or corporate parenting implications in this report.

7.2 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

Not applicable.

8. NOT FOR PUBLICATION DOCUMENTS

None.

9. OPTIONS

- 9.1 To recommend to Council that the three amended Protocols be adopted together with the amendments as set out in paragraph 3.3 of this Report.
- 9.2 To require additional amendments or further consideration prior to recommending to Council for adoption.

10. RECOMMENDATIONS

- 10.1 That the proposed amendments to:

- a) the Protocol on Member-Officer Relations set out in Appendix 1,
- b) the Protocol on Members Gifts and Hospitality set out in Appendix 2 and
- c) the Protocol on Members Use of Council Resources including Use of E-mail and the Internet set out in Appendix 3 and
- d) the constitution as set out in paragraph 3.3 of this Report

be recommended to Council for adoption and implementation.

- 10.2 That the City Solicitor be granted delegated authority to make consequential amendments to the Constitution as a result of any recommendations approved by full Council.
- 10.3 That the City Solicitor ensures that any agreed amendments are implemented.

11. APPENDICES

Appendix 1 Proposed amendments to the Protocol on Member-Officer Relations.

Appendix 2 Proposed amendments to the Protocol on Members Gifts and Hospitality.

Appendix 3 Proposed amendments to the Protocol on Members Use of Council Resources including Use of E-mail and the Internet

Appendix 4 Members' Code of Conduct adopted by Council on 15 March 2022.

12. BACKGROUND DOCUMENTS

Local Government Association's Guidance on the LGA Association Model Councillor Code of Conduct

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PART 4C Protocol on Member-Officer Relations

1 Introduction

- 1.1 Effective local governance and community leadership depends on good working relationships between members and officers.
- 1.2 This Protocol provides rules (set out in **bold** type) and guidance (in *italics*) for members, co-opted members and officers in their working relations with each other.

The Protocol covers the more common working situations, but is not comprehensive. The principles underlying it may be applicable to other situations.
- 1.3 This Protocol applies only to working relations between members in their role as members and officers in their capacity as officers.

2 Working Relations

- 2.1 **Members and officers shall establish sound and effective working relations that seek to engender mutual respect and put aside any personal differences.**
- 2.2 *Both councillors and officers are servants of the public and they are indispensable to one another. But their responsibilities are distinct. Councillors are responsible to the electorate and serve only so long as their term of office lasts. Officers are responsible to the Council. Their job is to give advice to councillors and the Council and to carry out the Council's work under the direction and control of the Council, their committees and sub-committees. Mutual respect between councillors and officers is essential to good local government. Close personal familiarity between individual councillors and officers can damage this relationship and prove embarrassing to other councillors and officers. Close personal familiarity must be avoided in the course of Council business.*
- 2.3 *The National Conditions of Service for Staff in Local Government provide:*

“The public is entitled to demand, of a local government officer, conduct of the highest standard.”
- 2.4 *Members and officers must recognise their different roles, needs and objectives. They must be ready to discuss positively how working relations between each other can most effectively be developed. Members and officers must set aside any personal differences in the interests of maintaining effective working relations.*
- 2.5 *It is important that officers develop political awareness of issues that are sensitive to the individual political groups represented on the Council.*

3 Courtesy and Respect

- 3.1 **Members and officers will adopt reasonable standards of behaviour and courtesy towards each other and will not take or attempt to take unfair**

advantage of their position. Members and officers will treat each other with mutual respect.

- 3.2 *The use of more extreme forms of behaviour and emotion is rarely conducive to establishing mutual respect and is not a basis for constructive discussion. On the other hand, over familiarity can be misconstrued and give rise to unhelpful tensions.*
- 3.3 *Members and officers should have regard to the formality of the occasion as to the mode of address they choose to adopt. In particular, in formally convened meetings and/or meetings open to the public a formal mode of address should be adopted. In all other cases members and officers will respect preferred modes of address.*

4 Officers Giving Advice and Information to Political Groups

- 4.1 **Advice and information given by officers to political groups will only relate to Council business. Officers will not advise on political business.**
- 4.2 **Members will organise political group meetings to distinguish between Council and political business. Officers will not attend political meetings whilst political business is being discussed.**
- 4.3 **Officers will be even handed in giving advice and information when briefing a political group or members individually.**
- 4.4 **Officers will respect the confidentiality of any political group discussion at which they are present or with individual members and will not relate the content of any discussion to another political group or member.**
- 4.5 *The existence of political groups is recognised by legislation. It is common practice for political groups to consider matters of Council business, whether collectively within the political group as a whole or at pre-meeting briefings involving the members of the political group on the decision making body. Officer advice and information may legitimately be sought by political groups to enable them to consider the options for dealing with Council business.*
- 4.6 *Council decisions can only be made by the Council, the Executive or a delegated decision making body of the Council and not by political groups.*
- 4.7 *Officers shall tender their advice impartially and, where advice is sought from more than one political group, officers must offer the same advice to each political group. Officers may be asked questions at a briefing but these rules do not require an officer to inform other political group briefings of the questions and answers given.*
- 4.8 *Officers should be mindful that their responsibility in giving advice and information is to the relevant decision making body and that giving advice to pre-meeting briefings is no substitute.*
- 4.9 *Where officers have given advice and information in briefings to all political groups represented on the committee, it may be appropriate, with the agreement of the chair, to indicate this fact at the decision-making meeting. Officers may then state that they have no further additional advice or comment to make on their reports.*

- 4.10 *Both members and officers should be mindful that the presence of persons who are not members of the Council at political group meetings or pre-meeting briefings may limit any advice and information an officer may provide. Persons who are not members or co-opted members of the Council are not bound by the Members' Code of Conduct.*

5 Support Services to Members

- 5.1 **Members will, except where arrangements are otherwise approved, use support services and resources provided by the Council only for Council business. Support services shall not be used for political purposes—~~or campaigning activity, or for private purposes.~~ unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the Council or of the office to which the member has been elected or appointed. Support Services shall not be used for campaigning activity. Support services shall also not be used for private purposes save as detailed in the Protocol on Members Use of Council Resources including Use of E-mail and the Internet.**
- 5.2 *The Council provides support services to members (including stationery, typing, printing, photo-copying, personal computers, laptop computers, e-mail and internet facilities, travel, transport and parking arrangements, etc.) to assist members in discharging their role as members of the Council.*
- 5.3 *E-mail and internet facilities must not be used by members or officers on behalf of members to publish to the public at large or a section of the public any material which, in whole or part, appears designed to affect public support for a political party contrary to the Local Government Act 1986.*
- 5.4 *In using e-mail facilities for Council business, members should address communications only to appropriate named members, officers or other persons and should avoid the use of wider circulation lists, including those to Council employees, which may constitute a section of the public under the 1986 Act.*
- 5.5 *Members should seek guidance from the City Solicitor on any communication intended for wider circulation.*
- 5.6 *Support services are provided to the political group leaders by the Chief Executive's Office. Individual services may, in addition, provide support services to an executive member with portfolio, lead members and chairs of any committee or panel.*

6 Communications

- 6.1 **Officers will not, without the agreement of the author, copy a letter marked as 'private' or 'confidential' or both from a member to another member.**

- 6.2 **Members shall not, within their communications, purport to make decisions on behalf of the Council.**
- 6.3 *Most correspondence will be open and may be copied as a part of the normal arrangements for dealing with the matter within it. Members may, from time to time, raise matters confidentially with officers and such confidences shall be respected.*
- 6.4 *It may be necessary or appropriate for an officer to discuss the content of a confidential letter with another member, particularly where political consultation is required before action is taken under officer delegated powers. In these circumstances, the letter should not be copied or shown to another member or the identity of the author revealed.*
- 6.5 *Individual members (other than duly delegated executive members) have no power to make decisions on behalf of the Council. Members shall avoid suggesting or implying within their correspondence that they have made Council decisions. Members wishing to write correspondence relating to recent decisions should liaise with relevant officers in order to avoid any confusion.*
- 6.6 *Official communications letters and decision documents on behalf of the Council in relation to the Council's functions should be made by the relevant officer. In exceptional circumstances it may be appropriate for an official communication to be made by a member and this should only be undertaken in liaison with the relevant officer.*

7 Electronic Communications

- 7.1 **Members and officers must not use to their advantage information that has been communicated to them in error.**
- 7.2 *The use of e-mail and other electronic facilities is encouraged. Whilst electronic communications will tend to involve less formality than written communication, members and officers should avoid in e-mail and other electronic communication between them a level of informality that may be perceived as close personal familiarity.*
- 7.3 *Members and officers should only circulate e-mail communications to intended recipients and wide or general circulation should be avoided.*
- 7.4 *Members and officers are advised to include a caveat within e-mails on the following lines:*
- 7.4.1 ~~*The information contained in this e-mail is intended for the individual or entity to whom it is addressed. It may contain privileged and confidential information and if you are not the intended recipient, please notify the sender and delete the message from your system immediately.*~~

~~This email, and any attachments, may contain Protected or Restricted information and is intended solely for the individual to whom it is addressed. It may contain sensitive or protectively marked material and should be handled accordingly. If this email has been misdirected, please notify the author immediately. If you are not the~~

intended recipient you must not disclose, distribute, copy, print or rely on any of the information contained in it or attached, and all copies must be deleted immediately. Whilst we take reasonable steps to try to identify any software viruses, any attachments to this email may nevertheless contain viruses which our anti-virus software has failed to identify. You should therefore carry out your own anti-virus checks before opening any documents. Bradford Council will not accept any liability for damage caused by computer viruses emanating from any attachment or other document supplied with this email. Emails may be subject to recording and / or monitoring in accordance with relevant legislation.

8 Specific Member/Officer Working Relations

- 8.1 **Members and officers will not allow a working relationship to become so close or appear to be so close as to bring into question the officer's ability to deal impartially with other members and political groups.**
- 8.2 *There should be close working relations between, on the one hand, executive members with portfolio, executive committee and other committee and panel chairs and other members designated as having a lead, link or shadow responsibility, and on the other hand relevant members of Senior Leadership, and other senior officers.*
- 8.3 *Executive members with portfolio, executive committee and other committee and panel chairs may routinely be consulted by officers prior to them making decisions under delegated powers. The law only allows for decisions relating to the discharge of any of the Council's functions to be taken by full Council, the Executive, a committee or member of the Executive or a committee, sub-committee or an officer. It is important that it is clear who made a decision.*
- 8.4 *The City Solicitor is responsible for determining the agenda for a formally convened meeting of a committee or panel. The chair of the committee or panel will be consulted as a part of the agenda preparation for meetings.*
- 8.5 *Officers having delegated decision-making authority are entitled, where considered expedient, to refer a matter to the Executive, ~~Executive Committee~~, Governance and Audit Committee, Wellbeing Board, the Regulatory and Appeals Committee, Licensing Committee or appropriate ~~Committee~~ or sub-committee for decision. Senior Leadership are responsible for the contents of all reports submitted in their name.*
- 8.6 *Members must acknowledge that officers within a department are accountable to their superior officer. Officers should always be prepared to assist members, but they cannot go beyond the bounds of the authority given to them by their superior officer and they should not be asked to do so.*

9 Overview and Scrutiny Committees

- 9.1 *When discharging their roles of overview and scrutiny and holding the ~~Executive~~ to account, Overview and Scrutiny Committees may request or require Executive members to attend meetings and answer questions. Executive members may*

require briefings from officers to assist them in responding to such questioning. In responding, officers must seek to ensure that the information provided is factually correct and complete. Officers must be mindful in providing support to Executive members that such support does not undermine the integrity of the member or their own impartiality as an officer. Overview and Scrutiny committee members may question officers at committee meetings and when conducting a scrutiny. Whilst questions may be challenging, members should seek to question officers in a positive and constructive way and should avoid any emotive or aggressive approach.

- 9.2 *In responding officers should be open, constructive and helpful and should seek to provide full answers.*

10 Involvement of Ward Councillors

- 10.1 **Ward Members will be invited to attend any public meeting organised by the Council which relates to issues within their ward.**

- 10.2 *Ward Members must be appraised of local issues within their ward and involved in any public meeting or consultation exercise. They must be notified, at the outset, of any consultation on a local issue in their ward.*

11 Involvement on Other Bodies

- 11.1 *Members and officers are occasionally appointed as the Council's representative or nominee to another body. Members and officers may be members of other bodies other than by reason of their position in the Council. Where members or officers are in the capacity of company Director or Trustee they must, in making decisions for that body, have regard to the interests of that body. There is the potential therefore for a conflict of interest between that of the Council and the other body to occur (for example, the provision of confidential information).*

- 11.2 *Where members and officers are involved with other bodies, they must in their working relations with each other be mindful as to the possibility of a conflict of interest. In the case of any conflict, members and officers should seek advice from the City Solicitor.*

12 Members Access to Information and to Council Documents

- 12.1 **Officers will provide relevant information, access to documents, advice and explanation that members may reasonably request and is necessary for them to fulfil their responsibilities as a councillor. A request will only be refused for reasons clearly stated in accordance with the law.**

- 12.2 **Members will use any information provided only for the purposes of properly performing their duties as councillors and shall treat as confidential all information received unless made public by law or with the express or implied consent of the Council.**

- 12.3 **Members will not disclose or use confidential information for personal advantage or advancement or for the advancement of their friends, family members, employer or business interests or to the disadvantage or discredit of the Council or anyone else.**
- 12.4 *Members are free to approach any Council department for information. A request may relate to one or more of the following:*
- 12.4.1 *Information which is recorded or readily ascertainable.*
- 12.4.2 *Access to a specific document or documents.*
- 12.4.3 *Information which is not readily available without research.*
- 12.5 *A request should be made to the Appropriate Officer in the first instance, normally the responsible manager. It is for the Appropriate Officer to determine what information ought reasonably to be provided in response to the request. A response should be provided within 5 working days, but if this proves not possible, the delay must be explained and a clear indication should be given when a substantive response will be provided.*
- 12.6 *A 'document' includes any document or recorded information produced with Council resources whether in electronic or physical form, but does not include any document that forms a part of the internal workings of a political group.*
- 12.7 *Members shall, on request, be provided with a copy of any document unless it contains exempt information within the meaning of Schedule 12A of the Local Government Act 1972.*
- 12.8 *Members who do not sit on the Executive, a relevant committee, sub-committee or panel may only see documents which contain exempt information within the meaning of Schedule 12A of the 1972 Act if they can demonstrate a clear 'need to know'.*
- 12.9 *Members should, before requesting information, consider whether the information is necessary for them to discharge their duties as a councillor. Members may be asked to demonstrate their 'need to know' where this is not clear to the Appropriate Officer by virtue of their membership of the Executive, committee or panel or their representational role. Information should not be sought simply because members are curious about a matter.*
- 12.10 *In the event of a refusal, the Executive, the relevant committee or panel may determine the question of access to documents.*
- 12.11 *Members will necessarily acquire much information that has not yet been made public and is still confidential. It is a betrayal of trust to breach such confidences. Members should never disclose or use confidential information for the personal advantage or advancement of themselves or of anyone known to them, or to the disadvantage or the discredit of the Council or anyone else.*

13 Member Briefings

- 13.1 Officers will make arrangements for briefing the Political Group leaders, executive members with portfolio and committee and panel chairs and other members designated as having a lead, link or shadow responsibility, about business within their remit.**
- 13.2 The Appropriate Officer will, except in the case of the Overview and Scrutiny Committees, the Regulatory and Appeals Committee (including panels appointed by the Committee), area committees and the Standards Committee, arrange briefings having first consulted the Leader of Council, the appropriate executive member with portfolio or their nominee as may be appropriate.*
- 13.3 In the interests of efficiency, briefings will normally be all-group with members meeting together. There shall be a facility for breaks to take place at the request of any political group to have consultations. At the request of a political group, briefings may take place separately with each political group making the request. When undertaken separately, the Appropriate Officer will provide the same information to each political group.*

14 Managing Tension Between Different Roles

- 14.1 Members and officers must recognise the different roles and responsibilities of bodies established within the constitution and the potential for tension between them.**
- 14.2 Members and officers must seek to manage any such tension so as not to compromise the integrity of each other and the bodies involved.**
- 14.3 Members of bodies making requirements of officers, such as the production of a report, must acknowledge the need of officers to balance resources between competing demands of all bodies.*

15 Personal Interests

- 15.1 Officers must not through their relationships with members seek to advance their personal interests or to improperly influence decisions.**
- 15.2 Members must not seek to use their position as members to advance the personal interests of officers.**
- 15.3 A member must not give a reference on behalf of an officer if the member is in any way involved in the recruitment process.**

16 Publicity

- 16.1 The law prohibits the Council from publishing any material which, in whole or in part, appears to be designed to affect public support for a political party.*

- 16.2 *In determining whether material falls within the prohibition regard shall be had to the content and style of the material, the time and other circumstances of publication and the likely effect on those to whom it is directed and, in particular, to the following matters:*
- 16.2.1 *Whether the material refers to a political party or to persons identified with a political party or promotes or opposes a point of view on a question of political controversy which is identifiable as the view of one political party and not of another*
 - 16.2.2 *Where the material is part of a campaign, the effect which the campaign appears to be designed to achieve*
 - 16.2.3 *The Council may not give financial or other assistance to a person for publication of material which the Council is prohibited from publishing itself.*
- 16.3 **Members must not use or seek to use council money or resources including officer time, office facilities and I.T. equipment for the production or issue of any material that may contravene these requirements.**

17 Criticism of Members and Officers

- 17.1 **Members and officers shall not engage in open criticism of each other.**
- 17.2 **Members will not comment openly or through the media on the conduct of officers and officers will not comment openly or through the media on the conduct of members. This rule is particularly applicable to comment by a member or officer in relation to any pending or ongoing complaint or disciplinary process involving a member or officer.**
- 17.3 *Members and officers may consider that criticism is from time to time justified. However, it is generally neither possible nor appropriate for officers or members to defend themselves in a public forum. Furthermore, open criticism may prejudice the bringing of disciplinary proceedings in circumstances where this might otherwise be appropriate. Open criticism is unlikely to be conducive to good member/officer working relations and may be damaging to morale within the Council.*
- 17.4 *Comment in relation to ongoing disciplinary proceedings may be used in the proceedings and prejudice their outcome.*
- 17.5 *Officer concern about the behaviour of members may be dealt with by reference to the appropriate provisions of this Code or ~~under the Standards Committee Procedure Rules~~ through the procedure for dealing with member complaints.*

18 Political Group Leaders and the Chief Executive

- 18.1 The political group leaders and the Chief Executive will seek to develop appropriate working relations.**
- 18.2 *Regular briefing arrangements between the political group leaders and the Chief Executive are an essential part of the democratic machinery of the Council. It is important that the Chief Executive, as Head of the Paid Service, is accessible by all political groups represented on the Council through their respective leaders.*

19 Problems with Working Relations between Members and Officers

- 19.1 Members and officers will seek to resolve any problems arising within their working relations.**
- 19.2 The relevant political group leader and the Chief Executive will seek to resolve by mediation and conciliation any unresolved problem or breakdown in working relationships between members and officers. Where the problem or breakdown relates to the group leader's own relationships with officers the deputy group leader and the Chief Whip will work with the Chief Executive in place of the group leader.**
- 19.3 *It is the responsibility of both members and officers to tackle and resolve problems arising within their working relationship. If this is not possible, the member and officer concerned must inform their political group leader and Chief Executive respectively. The political group leader and Chief Executive will endeavour to establish arrangements whereby any breakdown can be resolved.*

20 Enforcement

- 20.1 The Standards Committee has responsibility for dealing with any breach of this Protocol.
- 20.2 Allegations of any breach must be made in writing to the Monitoring Officer.
- 20.3 The rules in this Protocol relating to officers are equivalent to disciplinary rules in respect of which the relevant disciplinary procedures may be applied, subject to the approval of the Chief Executive.
- 20.4 In the event that a problem in working relations between a member and an officer cannot be resolved under paragraph 19 above, the relevant political group leader will refer it to the Standards Committee and the Chief Executive will refer it to the appropriate disciplining officer of Senior Management.

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PART 4D Protocol for Members on Gifts and Hospitality

1 Introduction

This protocol provides guidance for members of Council and independent and co-opted members (voting and non-voting) to assist in ensuring compliance with the requirements relating to Gifts and Hospitality contained in the **Members' Code of Conduct**.

2 General Caution

- 2.1 Treat with extreme caution any offer or gift, favour or hospitality that is made to you personally **which are (or which you reasonably believe to be) offered to you because you are a councillor.**
- 2.2 Your personal reputation and that of the Council can be seriously jeopardised by the inappropriate acceptance by you of a gift or hospitality **and the presumption is that you do not normally accept significant gifts or hospitality.**
- 2.3 The acceptance of gifts and hospitality is not always unlawful or inappropriate. The decision for you in every case is whether or not it is appropriate to accept any gift or hospitality that might be offered to you, having regard to how it might be perceived. **However, you should not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour from persons seeking to acquire, develop or do business with the Council or from persons who may apply to the Council for any permission, licence or other significant advantage.**
- 2.4 No hard and fast rules can be laid down to cover every circumstance as to what is appropriate or inappropriate. This Protocol offers general principles to enable you to make your own decision.

3 Criminal Law

- 3.1 It is a criminal offence corruptly to solicit (ask for) or receive any gift, reward or advantage as an inducement to doing or agreeing to do anything in respect of any transaction involving the Council. **~~The onus would be on you to disprove corruption in relation to a gift.~~**

4 Limits of Guidance

- 4.1 This Protocol does not apply to:
 - 4.1.1 Gifts and hospitality you may receive from family and friends (as birthday or other festival presents) that are not related to your position as a member. You should however question any such gift or hospitality offered from an unusual source.

You should ask yourself, would I have been given this if I was not on the Council? If you are in doubt as to the motive behind a gift or hospitality, it is recommended that you register it or speak to the Monitoring Officer.

You should always register a gift or hospitality if it could be perceived as something given to you because of your position.

4.1.2 The acceptance of facilities or hospitality provided to you by the Council.

4.1.3 Gifts given to the Council that you accept formally on the Council's behalf and are retained by the Council and not by you personally.

4.1.4 Gifts and hospitality received by the Lord Mayor and Deputy Lord Mayor in the course of their civic duties.

5 Meaning of Gifts and Hospitality

5.1 The expressions 'gifts' and 'hospitality' have wide meanings and no conclusive definition is possible.

5.2 Gifts and hospitality include:

- The free gift of any goods or services.
- The opportunity to acquire any goods or services at a discount or at terms not available to the general public.
- The opportunity to obtain goods or services not available to the general public.
- The offer of food, drink, accommodation or entertainment or the opportunity to attend any cultural or sporting event **freely provided or heavily discounted**.

5.3 Common gifts include pens, diaries, calendars and other business stationery, articles of clothing, books, flowers and bouquets.

5.4 Members should however be cautious when purchasing anything, when additional services, privileges or advantages are offered, which might be related to their position as a member.

5.5 Members are reminded that attendance at conferences at home or abroad must be undertaken in accordance with the agreed policy and procedures which are available on Councillors' Web. Specifically approval of the Chief Executive, the appropriate Strategic Director, Director or City Solicitor and the Group Whip is required in advance of any booking.

6 Appropriate Gifts and Hospitality

6.1 There are some circumstances where you may accept gifts and hospitality as being in the normal course of your duties as a member **subject always to the principles in paragraph 2.3 above.**

- Civic hospitality provided by another public authority.
- Normal and modest refreshment in connection with any meeting in the course of your work as a member (e.g. tea, coffee and other normal beverages and biscuits).
- Tickets for sporting, cultural and entertainment events which are sponsored or promoted by the Council or bodies to which you have been appointed by the Council, and the tickets are offered in relation to that sponsorship or promotion.
- Small low value gifts (below £25.00 such as pens, calendars, diaries, flowers and other mementos and tokens).
- Drinks or other modest refreshment in the normal course of socialising arising consequentially from Council business (e.g. inclusion in a round of drinks after a meeting).
- Modest meals provided as a matter of courtesy in the office or meeting place of a person with whom the Council has a business connection.
- Souvenirs and gifts from other public bodies intended as personal gifts (e.g. arising from twin-town and other civic events).

7 Principles to Apply in Relation to Gifts and Hospitality

In deciding whether it is appropriate to accept any gift or hospitality you must apply the following principles:

7.1 Do not accept a gift or hospitality as an inducement or reward for anything you do as a member. If you have any suspicion that the motive behind the gift or hospitality is an inducement or reward you must decline it.

Please Note: "Reward" includes remuneration, reimbursement and fee.

7.2 Never accept a gift or hospitality of significant value or whose value is excessive in the circumstances.

7.3 Do not accept a gift or hospitality if acceptance might be open to misinterpretation. Such circumstances will include gifts and hospitality:

- From parties involved with the Council in a competitive tendering or other procurement process.
- From applicants for planning permission and other applications for licences, consents and approvals.

- From applicants for grants, including voluntary bodies and other organisations applying for public funding.
- From applicants for benefits, claims and dispensations.
- From parties in legal proceedings with the Council.

7.4 Do not accept a gift or hospitality if you believe it will put you under any obligation to the provider as a consequence.

7.5 Do not solicit (ask for) any gift or hospitality and avoid giving any perception of so doing.

8 Gifts Received and Donated to the Lord Mayor's Appeal

8.1 It has become customary for some members on receiving gifts of value not to retain these personally but to pass them to the Lord Mayor's Appeal Office for use in relation to the Lord Mayor's Appeal.

8.2 Members may continue to do this, but should indicate this intention to the provider and make this clear on the registration **of gifts and hospitality** form.

9 Registration of Gifts and Hospitality **and notification to the Monitoring Officer**

9.1 The **Members'** Code of Conduct ~~for Members and Co-opted Members~~ provides that:

A member must **register with** the Monitoring Officer, within 28 days of **its receipt** any gift or hospitality **with an estimated value of at least over the value of £25.00. Details of the nature and source of that gift or hospitality should be included.** ~~provide written notification to of the existence and nature and source of that gift or hospitality.~~

9.2 If you are in doubt as to the value of a gift or hospitality you should register it as a matter of good practice and in accordance with the principles of openness and accountability in public life.

9.3 **A member should also register an accumulation of small gifts you receive from the same source over a short period, for example a couple of months, that add up to £25 or over in the interests of transparency.**

9.4 Members must complete the gifts and hospitality registration form for all notifications **and should include the name of the person or organisation who gave you the gift or hospitality, the date on which you received it, the reason it was given and its value or estimated value.**

9.5 **Members must also register with the Monitoring Officer any significant gift or hospitality that you have been offered but have refused to accept.**

9.6 **Members should always notify the Monitoring Officer of any gift or hospitality offered to you if it could be perceived as something given to you because of your position even where the hospitality falls below £25.**

10 Reporting of Inappropriate Gifts and Hospitality

- 10.1 It is a criminal offence for a person corruptly to give or offer any gift, reward or advantage as an inducement or reward to you for doing or forbearing to do anything as a member of the Council. You must immediately report to the Monitoring Officer any circumstances where an inappropriate gift or hospitality has been offered to you.
- 10.2 You may thereafter be required to assist the Police in providing evidence.

11 Enforcement

- 11.1 The Standards Committee has responsibility for dealing any breach of this Protocol.
- 11.2 Allegations of any breach must be made in writing to the Monitoring Officer.
- 11.3 A breach of this protocol shall also amount to a breach of the Members' Code of Conduct.

PART 4E Protocol on Members Use of Council Resources Including Use of E-mail and the Internet

1 Introduction

- 1.1 The Council provides computers and IT facilities for use by members in the course of their work with the Council. For practical reasons the Council allows use of the equipment for other purposes. This Protocol sets out the requirements and limitations of use of the equipment.
- 1.2 'Equipment' means any computer hardware and software provided by the Council, including peripherals, telephones and other devices used for information management and communication.
- 1.3 This Protocol provides rules (set out in **bold** type) and guidance (in *italics*) for members of Council and independent and co-opted members (voting and non-voting).
- 1.4 The rules comprise requirements for use of Council resources under paragraph 17 of the Code of Conduct for Members and Co-opted Members. The rules do not apply to the use of your own personal equipment.

2 Application

- 2.1 This Protocol applies to use by members of any Council equipment, whether in Council premises or elsewhere.

3 Health and Safety

- 3.1 **You must take all reasonable precautions to ensure the safe use of equipment.**
- 3.2 *This responsibility applies to your own health and safety and that of other users.*

Health and safety matters include computer layout and stability, electrical connections, visual affect, seating and comfort, extent of use and all other known risks.

4 Security

- 4.1 **You must take all reasonable precautions to ensure the security of equipment provided for your use.**
- 4.2 *This includes making reasonable arrangements (as if the equipment is your personal property) to prevent loss or damage. Members are not however obliged to effect their own insurance arrangements for the equipment.*

- 4.3 **You must use access password arrangements to prevent unauthorised use by others and maintain secrecy of such arrangements.**
- 4.4 *Arrangements must be adequate to prevent unauthorised access to information and services. **Guidance on passwords can be found in the Council's IT Password Policy on Bradnet.***
- 4.5 **You must make reasonable arrangements for the security of information stored on disc including prevention of unauthorised use and deletion of information no longer needed.**
- 5 Personal Responsibility and Accountability**
- 5.1 **You must report any defect or damage at the earliest opportunity and provide access to the equipment or return it to the Appropriate Officer for repair.**
- 5.2 **You must return the equipment promptly when required and at the end of your term of office.**
- 5.3 *You are personally responsible for equipment provided for your use and you must be prepared to account for its use.*
- 6 Legal Obligations**
- 6.1 **You must use equipment provided for your use lawfully.**
- 6.2 *There are a wide variety of civil wrongs and criminal offences which can be committed by use of computers. A brief summary of the main legal obligations is contained at the end of this protocol.*
- 7 Private/**Business** Use**
- 7.1 **You may use equipment for private use but you must comply with this Protocol in so doing.**
- 7.2 **Your private use must not prejudice the use of the equipment for your Council use.**
- 7.3 **You must not use equipment for private business use **or personal gain.****
- 7.4 **You must not use network data storage applications for private use.**
- 7.5 **You must not use equipment for political purposes unless that use could reasonably be regarded as likely to facilitate or be conducive to, the discharge of the functions of the Council or of the office to which you have been elected or appointed. See also paragraph 14 below.****
- 7.6 *Private use is permitted as a convenience only, and to help you develop your IT skills. Private use should not therefore become disproportionate to Council use.*

7.7 *You must take appropriate precautions to separate your private use from appearing to be Council use. For example, you must use different letter and memo styles, signatures, email addresses, websites and files.*

7.8 *You may use equipment in relation to other public or voluntary sector appointments to which you have been nominated or appointed by the Council or in respect of which your appointment arises by virtue of you being a councillor.*

~~*You may permit members of your household to use equipment for domestic purposes but you remain responsible for such use and their compliance with this Protocol*~~

8 Monitoring

8.1 **You must co-operate with any reasonable arrangements made to monitor use of equipment in your control.**

8.2 *The Council may monitor your use of equipment, whether for Council use or private use. The purpose of monitoring is to ensure effective use of Council equipment and compliance with the law and this protocol.*

9 Training

9.1 **You are responsible for developing your skills in using equipment through training courses and materials available to you, to ensure your proper and effective use of it.**

10 E-mail Use

10.1 **Maintain your inbox to ensure effective use and carry out regular housekeeping.**

10.2 ~~*Delete mail containing obscene or racist or offensive material after forwarding to the ICT Consultant (Member and User Support and Information Services)–Business Relationship and Communication Service Manager (Corporate Resources, Office of the Chief Executive and Place)*~~

10.3 *Mark confidential e-mails clearly.*

10.4 *Include the following form of confidentiality warning in case of misdirection of e-mails.*

~~*Note: The information contained in this e-mail is intended only for the individual or entity to whom it is addressed. It may contain privileged and confidential information and if you are not the intended recipient please notify the sender and delete the message from your system immediately.*~~

~~*This email, and any attachments, may contain Protected or Restricted information and is intended solely for the individual to whom it is addressed. It may contain sensitive or protectively marked material and should be handled accordingly. If this*~~

email has been misdirected, please notify the author immediately. If you are not the intended recipient you must not disclose, distribute, copy, print or rely on any of the information contained in it or attached, and all copies must be deleted immediately. Whilst we take reasonable steps to try to identify any software viruses, any attachments to this email may nevertheless contain viruses which our anti-virus software has failed to identify. You should therefore carry out your own anti-virus checks before opening any documents. Bradford Council will not accept any liability for damage caused by computer viruses emanating from any attachment or other document supplied with this email. Emails may be subject to recording and / or monitoring in accordance with relevant legislation.

10.5 *Use composite address lists ('all users') sparingly, particularly for bulky material as this puts heavy pressure on storage limits.*

10.6 **Do not use e-mail for unlawful or improper purpose.**

This includes:

10.6.1 *Using another person's identification without authority.*

10.6.2 *Reading another person's mail without authority.*

10.6.3 *Copying material which is subject to copyright without licence.*

10.6.4 *Private business use **or for personal gain.***

10.6.5 *Sending abusive, **bullying**, obscene, **unlawfully discriminatory for example racist, sexist, harassing, defamatory or offensive material as text or image.***

10.6.6 *Downloading .exe files without checking for viruses.*

10.6.7 *Sending personal data (within the meaning of the Data Protection Act 2018) without the authority of the data holder or the data subject.*

11 **World Wide Web Use**

11.1 **Do not download any information which is obscene, **unlawfully discriminatory for example racist, sexist, pornographic or offensive.** If you need to research information of this nature you must obtain written authority from your group whip.**

11.2 *Remember your visit to a site may be identifiable.*

12 **Printing and copying**

12.1 **Do not print anything that comes within the meaning of 'unlawful or improper purpose' above.**

13 Confidential Information

13.1 Do not use equipment, or allow it to be used to communicate personal data (covered by the Data Protection Act) or confidential information to any person not authorised to receive it.

13.2 You must take particular care with any personal data or confidential information you have on the equipment in order to avoid any unauthorised disclosure or breach of confidentiality. Delete such information when you no longer need it.

14 Publication of Material Designed to Affect Support for a Political Party

14.1 Under section 2 of the Local Government Act 1986 the Council is prohibited from publishing or arranging for the publication of any material which, in whole or in part, appears to be designed to affect public support for a political party. This law applies to the use by members of Council equipment.

14.2 Section 2 provides that in determining whether material falls within the prohibition regard shall be had to the content and style of the material, the time and other circumstances of publication and the likely effect on those to whom it is directed and, in particular, to the following matters;

14.2.1 Whether the material refers to a political party or to persons identified with a political party or promotes or opposes a point of view on a question of political controversy which is identifiable as the view of one political party and not of another.

14.2.2 Where the material is part of a campaign, the effect which the campaign appears to be designed to achieve.

14.3 This rule is likely to apply to sending unsolicited e-mails or printed material with contents described in paragraph 14.2 to a wide number of people, particularly during an election or other political campaign.

14.4 This rule does not prevent:

14.4.1 Normal correspondence.

14.4.2 The receipt and retention of political material that relates to Council business.

14.4.3 Viewing websites of political parties and groups.

14.4.4 Using the equipment to discuss with other members the business of the Council including motions.

14.4.5 The inclusion in emails or website of factual information about a councillor provided it is not within the above meaning of political material'.

15 Fax and telephone

- 15.1 **Apply these rules, where they are relevant, to your use of fax and telephones provided by the Council.**

16 Enforcement

- 16.1 The Standards Committee has responsibility for dealing with any breach of this protocol.
- 16.2 Allegations of any breach must be made in writing to the Monitoring Officer.
- 16.3 A breach of this protocol ~~may~~ **shall** also amount to a breach of the Members' Code of Conduct.

17 Additional guidance

- 17.1 **Additional guidance can be found within the Council's IT Acceptable Use Policy on Bradnet**
- 17.2 When posting on social media, even if you do not describe yourself as a councillor, your post may fall within the scope of the Members' Code of Conduct if you are discussing local authority business or your role as a councillor. Guidance relating specifically to the use of social media can be found within the Council's Social Media Protocols on Bradnet. This should be read alongside Best Practice Guidelines for Managing a Social Media Site and Bradford Council Social Media Code of Conduct. These can also be found on Bradnet.**

Legal Obligations (paragraph 6.2)

Computer Misuse Act 1990

Creates criminal offences covering unauthorised accessing of computers, hacking, eavesdropping and causing virus attacks.

Copyright, Design and Patents Act 1998

Enables enforcement of rights of authors and designers including those relating to software and electronically stored material.

Data Protection Act 2018

Gives individuals a right of access to personal data about them held on a computer. Establishes principles for dealing with personal data and liability and offences for non compliance.

Defamation Law

Defamation proceedings may be brought in relation to defamatory material published or communicated by electronic means including e-mail and websites.

Discrimination Law

Use of email and websites may be evidence of **unlawful** discrimination.

Evidence

A court or tribunal may order the production of material held electronically, including emails where relevant to legal proceedings.

Obscene Publications Act 1959

The criminal offences under this legislation include the transmission electronically of obscene material.

Protection from Harassment Act 1997

Provides for offences and civil remedies for harassment, evidence of which may be contained in emails and websites.

Protection of Children Act 1978

Offences in relation to indecent photographs of children include those stored electronically.

Telecommunications Act 1984

Use of a public communications system to transmit obscene or indecent images is an offence.

City of Bradford Metropolitan District Council

Members' Code of Conduct

This Code applies to Elected Members and voting Co-opted Members of City of Bradford Metropolitan District Council in all aspects of their public life.

The Council expects Members to follow this Code when they are:

- conducting the work of the Council
- representing the Council on any external organisation, and
- otherwise acting in their official capacity.

This Code does not apply to what Members do in their purely private and personal lives.

Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of the Council or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The Local Government Association encourages the use of support, training and mediation prior to action being taken using the Code. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

General principles of councillor conduct

1. Everyone in public office at all levels, all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers should uphold the [Seven Principles of Public Life](#), also known as the Nolan Principles- See Appendix A.
2. In accordance with the public trust placed in me, on all occasions:
 - I act with integrity and honesty
 - I act lawfully
 - I treat all persons fairly and with respect; and
 - I lead by example and act in a way that secures public confidence in the role of councillor.

3 In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence, and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

4. This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.
5. This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:
 - you misuse your position as a councillor
 - your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor;
6. The Code applies to all forms of communication and interaction, including:
 - at face-to-face meetings
 - at online or telephone meetings
 - in written communication
 - in verbal communication
 - in non-verbal communication
 - in electronic and social media communication, posts, statements and comments.
7. You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.
8. Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct.

Standards of councillor conduct

9. This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.
10. Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct *Respect*

11. As a councillor:

- **I treat other councillors and members of the public with respect.**
- **I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.**

11.1 Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

11.2 In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

11.3 In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the Council, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Members' Code of Conduct, and Council employees, where concerns should be raised in line with the Council's Protocol on Member-Officer Relations.

11.4 The Protocol on Member- Officer Relations set out in the Council's Constitution forms part of this Code and any breach of the requirements of that Protocol by a councillor or voting co-opted member shall be treated as a breach of this Code.

Bullying, harassment and discrimination

12. As a councillor:

- **I do not bully any person.**
- **I do not harass any person.**
- **I promote equalities and do not discriminate unlawfully against any person.**

12.1 The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

12.2 The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

12.3 Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

12.4 The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

Impartiality of officers of the Council

13. As a councillor:

- **I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.**

13.1 Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

14. As a councillor:

- **I do not disclose information:**
 - a. given to me in confidence by anyone**
 - b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless**
 - i. I have received the consent of a person authorised to give it;**
 - ii. I am required by law to do so;**
 - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or**
 - iv. the disclosure is:**
 - **reasonable and in the public interest; and**
 - **made in good faith and in compliance with the reasonable requirements of the local authority; and**
 - **I have consulted the Monitoring Officer prior to its release.**
- **I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.**
- **I do not prevent anyone from getting information that they are entitled to by law.**

14.1 Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

15. As a councillor:

- **I do not bring my role or local authority into disrepute.**

15.1 As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or the Council and may lower the public's confidence in you or the Council's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring the Council into disrepute.

15.2 You are able to hold the Council and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the Council whilst continuing to adhere to other aspects of this Code of Conduct.

Use of position

16. As a councillor:

- **I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

16.1 Your position as a councillor provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

Use of Council resources and facilities

17. As a councillor:

- **I do not misuse Council resources.**
- **I will, when using the resources of the Council or authorising their use by others:**
 - a. act in accordance with the Council's requirements; and**
 - b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the Council or of the office to which I have been elected or appointed.**

17.1 You may be provided with resources and facilities by the Council to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

- 17.2 These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the Council's own policies regarding their use.
- 17.3 The Protocol on Members' Use of Council Resources including use of Email and the Internet set out in the Council's Constitution forms part of this Code and any breach of the requirements of that Protocol by a councillor or voting co-opted member shall be treated as a breach of this Code.

Complying with the Code of Conduct

18. As a Councillor:

- **I undertake Code of Conduct training provided by the Council.**
- **I cooperate with any Code of Conduct investigation and/or determination.**
- **I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.**
- **I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.**

- 18.1 It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

Protecting your reputation and the reputation of the local authority

Interests

19. As a councillor:

- **I register and disclose my interests.**

- 19.1 Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.
- 19.2 You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.
- 19.3 You should note that **failure to register or disclose a disclosable pecuniary interest** as set out in **Table 1**, is a criminal offence under the Localism Act 2011.
- 19.4 **Appendix B sets** out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

Gifts and hospitality

20. As a councillor:

- **I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.**
- **I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.**
- **I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

20.1 In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered. However, you do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family. It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

Dispensations

21. Any request for a dispensation must be made in writing to the Monitoring Officer.

21.1 The Council, on written request is permitted to grant dispensations where it considers that:

- without the dispensation, the number of councillors of the decision making body prohibited from participating in any particular business would be so great a proportion of the decision making body that it would impede the transaction of the business
- without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the likely outcome of any vote on the matter.
- the dispensation is in the interests of persons living in the authority's area
- without a dispensation each councillor of the Executive would be unable to participate on a particular matter, or
- it is otherwise appropriate to grant a dispensation

Training

22. It is a mandatory requirement that councillors complete a training course on Child Sexual Exploitation. Councillors will be sent details by email of the course they are required to complete and the course must be completed within 6 months of the councillor's election or re-election or in the case of co-opted members their co-option or the renewal of their co-option. Current councillors, including current co-opted members are also required to complete a training course on Child Sexual Exploitation and must do so within 3 months of being sent details by email of the course. Councillors will be required to repeat the training if the content is significantly amended, for example as a result of changes to statutory guidance.

Allegations of a Failure to Comply with the Code of Conduct

23. All complaints alleging a failure to comply with this Code will be considered in accordance with the procedure agreed by full Council.
24. Should there be a conflict between this Code and the Council's Protocols on Member-Officer Relations, Members' Use of Council Resources including use of Email and the Internet and Gifts and Hospitality, this Code will take precedence.

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organizations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B - Interests

Registering interests

Disclosable Pecuniary Interests and Other Registerable Interests

1. Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012".
2. You should also register **details** of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.
3. "**Disclosable Pecuniary Interest**" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in **Table 1** below.
4. "**Partner**" means
 - a spouse or civil partner, or
 - a person with whom you are living as husband or wife, or
 - a person with whom you are living as if you are civil partners.
5. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.

Sensitive Interest

6. A '**sensitive interest**' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
7. Where you have a '**sensitive interest**' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

8. Where a matter arises at a **meeting** which directly relates to one of your **Disclosable Pecuniary Interests** as set out in **Table 1**, you must disclose the interest and:
 - 8.1 not participate in any discussion or vote on the matter and
 - 8.2 must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest – see paragraph 21 above.

9. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as an Executive member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

10. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your **Other Registerable Interests** (as set out in **Table 2**):
 - 10.1 you must disclose the interest.
 - 10.2 you may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and
 - 10.3 must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

11. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate,
 - 11.1 you must disclose the interest.
 - 11.2 You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and
 - 11.3 you must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
12. Where a matter arises at a meeting which **affects** –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2**

you must disclose the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied:

13. Where a matter (referred to in paragraph 12 above) **affects** the financial interest or well-being:
 - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest
- 13.1 You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and
- 13.2 must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

- 14 Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as an Executive member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>

Land and Property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You must register as an Other Registerable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)of which you are a member or in a position of general control or management

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Report of the Director of Finance to the meeting of Governance and Audit Committee to be held on 21st of April 2022

AF

Subject:

Amendments to the Constitution – Contract Standing Orders and Financial Regulations

Summary statement:

This report provides members of the Council with details of the annual review of the Contract Standing Orders and Financial Regulations sections of the Council's Constitution and makes recommendations for their amendment.

Equality & Diversity:

The amendments to the Contract Standing Orders and Financial Regulations will ensure appropriate governance processes are in place which allows service objectives to be delivered in accordance with the Council's equality policies.

Chris Chapman
Director of Finance and IT

Portfolio:

Leader

Report Contact:
Ian Westlake / Mark St Romaine
Phone: 07971 540171

E-mail: ian.westlake@bradford.gov.uk
Mark.stromaine@bradford.gov.uk

Overview & Scrutiny Area:

Corporate

1. SUMMARY

- 1.1 This report provides members of the Governance and Audit Committee with details of the annual review of the Contract Standing Orders and Financial Regulations sections of the Council's Constitution and makes recommendations for their amendment.

2. BACKGROUND

- 2.1 The last update of Financial Regulations and Contract Standing Orders and Financial Regulations was approved by Council on 18 May 2021. Officers have undertaken their annual review of Contract Standing Orders and Financial Regulations to ensure they properly reflect appropriate governance procedures for the Council. This report sets out the proposals for amendments to deliver those changes and improvements. The Committee is asked to consider the proposed amendments to the Constitution for recommendation to Council for formal approval.
- 2.2 The City Solicitor will implement any recommendations approved by Council and make consequential amendments to the Constitution.

3. CHANGES TO CONTRACT STANDING ORDERS

- 3.1 There are a number of proposed changes to Contract Standing Orders, these are summarised with reasons for changes in the following table and set out as 'tracked changes' at Appendix 1

Proposed Changes to Contract Standing Orders	
CSO	Summary of Changes
Def	Thresholds The thresholds by which Procurement Legislation becomes applicable are updated every two years. The latest thresholds, now inclusive of VAT, as of 1 st January 2022 are included. E-procurement system (YORtender) The Council has changed the provider of its e-procurement system and the weblink has been updated.
1	Introduction All values that are used in Contract Standing Orders Values for the purpose of identifying the correct Procurement Legislation now include VAT following the publication of Public Procurement Note 10/21 . This is reflected in amendments throughout Contract Standing Orders.
2	Purchase Orders Clarification that Purchase Orders should be raised and provided to suppliers prior to commencement of contracts. Also a reminder that invoices should be sent directly to the Accounts Payable team for prompt payment. Loans

	A note that the Director of Finance should be consulted if there is a consideration to make a loan payment to a supplier.
4	Procurement Plans in line with NPPS Additional wording to emphasis the requirement to publish a forward procurement plan is now part of the National Procurement Policy Statement published in Public Procurement Note 05/21 .
5	In House Services and Existing Arrangements All marketing or communications procurements must be referred to the Marketing and Communications Team in the Office of the Chief Executive to ensure these products or services align with the Council's marketing and communications strategy, and associated policies to ensure compliance with relevant media laws.
7	Pre-Procurement Requirements An additional gateway report to be approved by the Authorised Officer and the Head of Procurement prior to issuing procurement documents to market. This is to ensure that all the Council policies and procedures are complied with. Clarification included so that Financial Services are consulted to ensure that the correct financial assessment criteria is used within procurement documentation.
14	Procurement Procedures Additional wording provided to ensure that where the flexibilities offered to procure Healthcare Services under the Provider Selection Regime of the Heath and Care Bill are to be used appropriate consultation is undertaken with procurement professionals.
19	Approval and Acceptance of Tenders and Quotations Confirmation is added that when a procurement process is abandoned a report is required to be produced and approved to document the decision.
22	Written Contracts Additional wording included highlighting that Letters of Intent should not be used without consultation with the City Solicitor and Director of Finance.
25	Contract Management Named Contract Manager Inclusion of a requirement to ensure the Authorised Officer names a contract manager for every contract the Council enters in to and a record of this is kept on the Contracts and Grants Registers Contract Management Training Inclusion of a requirement that Officers identified as contacts should complete the Government Commercial College Foundation Contract Management Training which is a free accredited online e-learning

	course.
27	Grants Introduction of a new proforma to be completed for all grants awarded to allow the Council to comply with the new UK Subsidy Control Regime
Table 1	All values updated in line with revised thresholds.

4. CHANGES TO FINANCIAL REGULATIONS

- 4.1 There are a number of proposed changes to Financial Regulations, these are summarised with reasons for changes in the following table and set out as 'tracked changes' at Appendix 2:

Proposed Changes to Financial Regulations	
FR	Summary of Changes
5	Payments to Staff The Strategic Director Corporate Resources can delegate tasks to a designated officer.
6	Banking Arrangements Removal of reference to GIRO accounts
8	Strategic Investments Changes the term State Aid to subsidy control
11	Partnerships Joint Ventures and Companies Makes specific reference to wholly owned companies
14	Better use of Budget Correction of References
16	Capital Expenditure Correction of References Specifies schemes funded by Revenue Budgets
17	Monitoring the Capital Investment Plan Correction of References
18	Income Requirements Business cases need to identify the basis of any proposed charges

30	<p>Information Management</p> <p>Reference to where data is held</p> <p>Additional data security standards identified</p> <p>Reference to the Council's Data Protection Policy</p> <p>New regulation on handling data responsibilities and roles of Information Asset Owners and the Council's Data Protection Officer</p>
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5. FINANCIAL & RESOURCE APPRAISAL

5.1 There are no financial issues arising from this report.

6. RISK MANAGEMENT AND GOVERNANCE ISSUES

6.1 The proposed recommendations are offered to improve the Council's finance and procurement related processes and provide rules to limit risk to the Council.

7. LEGAL APPRAISAL

7.1 Article 17 of the Constitution requires the Monitoring Officer to take steps to make himself/herself aware of the strengths and weaknesses of the Constitution and make recommendations for improvement.

7.2 The review and development of the Constitution is undertaken in compliance with the provisions of the Local Government Act 2000, regulations and guidance made and issued under the Act.

7.3 The review of the Council Standing Orders upholds the obligation placed on the Council by s135 of the Local Government Act 1972.

7.4 The Council will ensure that any updates to the Council Contract Standing Orders shall be compliant with all procurement legislation including the Public Contracts Regulations 2015.

8. OTHER IMPLICATIONS

8.1 There are no implications in relation to the following:

- Sustainability
- Greenhouse Gas Emissions
- Community Safety
- Human Rights Act
- Trade Unions
- Ward Implications

- Area Committee Action Plans
- Corporate Parenting
- Privacy Impact Assessments

9. NOT FOR PUBLICATION DOCUMENTS

9.1 There are no 'not for publication' documents for this report.

10. OPTIONS

10.1 The recommended option is for Members of the Governance and Audit Committee to recommend the proposed changes to Contract Standing Orders and Financial Regulations set out in this report for approval to the Council to support improvements in the organisation's finance and procurement processes and procedures.

10.2 Member of the Governance and Audit Committee may wish to accept some of the proposed recommendations and, or make their own recommendations.

10.3 The 'do nothing' option is not recommended as the proposed changes have been put forwards to support improvements in the Council's finance and procurement processes and procedures.

11. RECOMMENDATIONS

11.1 That the proposed changes to Contract Standing Orders and Financial Regulations be accepted and recommended to Council for approval, to support improvements in the organisation's procurement and financial processes and procedures.

12. APPENDICES

Appendix 1: Proposed Contract Standing Orders 2022/2023 with track changes
Appendix 2 Proposed Financial Regulations 2022/2023 with track changes

13. BACKGROUND DOCUMENTS

13.1 There are no background documents to this report.

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PART 3G Contract Standing Orders 2022/23

Definitions

- 'Appropriate Officer' is the Chief Executive, Strategic Directors, Director, City Solicitor, the Chief Financial Officer (S151 Officer) or any other Officer designated by resolution of the Executive.
- 'Authorised Officer' is any Officer permitted by an Appropriate Officer to authorise orders and Contracts as per clause 2.5.
- 'Best Value' is the optimum combination of whole life costs, quality and benefits, including economic, environmental and social value to meet the customer's requirement.
- 'Bradford District' is the geographical area administered by the Council.
- 'Call Off' is a separate purchase from an existing Framework Agreement that creates a binding Contract.
- 'Concession Contract' means Contracts for pecuniary interest, where the consideration is either; that the Supplier has the right to exploit the works / services that are the subject of the Contract, or where the Supplier has that right together with some payment from the Contracting Authority.
- 'Contract' means a formal agreement between the Council and any Supplier for:
 - the supply of works, goods or services including consultants
 - a call-off from a framework agreement
 - an arrangement where no payment is made but there is financial value to the Supplier e.g. a catering concession

For the purposes of these Contracts Standing Orders this definition does not include employment and property Contracts or grant agreements.

- 'Contracting Authorities' mean the State, regional or local authorities, bodies governed by public law, associations formed by one or several of such authorities or on or several of such bodies governed by public law.
- 'Contracts Finder' is the government portal for information on public sector Contracts
- 'Contract Value' is, for works, goods or services the total monetary value over the full duration, including any extension options (not the annual value). For concession Contracts, or other Contracts with low, or nil cost to the Council the total pecuniary value must be considered.

- ‘Contracts and Grants Register’ the Council’s database of all Contracts, commissioned activity, purchase orders, Framework Agreements, and other legally enforceable agreements with a value of £5,000 and above and grants of any value.
- ‘Controlled Entities’ a subsidiary company of the Council where the Council exercises control similar to that over its own departments, the subsidiary carries out at least 80% of its activity for the Council and there is no direct participation of private capital.
- ‘Corporate Contract’ is an agreement procured in consultation with and for the benefit of more than one Council department. More details can be found on Bradnet.
- ‘Council’ means the City of Bradford Metropolitan District Council.
- ‘DPS or Dynamic Purchasing System’ is an electronic procurement process for commonly used purchases that are generally available and is open throughout the Contract period to any new supplier that meets the selection criteria.
- ‘Electronic Auction’ is a procurement process whereby suppliers who have submitted admissible tenders can revise their original prices or values during the period of the auction.
- ‘Thresholds’ are the financial threshold (inclusive of VAT) at which the Procurement Legislation are applicable.
 - As of 1st January 2022 these are:
 - Works - £ 5,336,937
 - Goods - £ 213,477
 - Service - £1 213,477
 - Social and Other Specific Services (subject to the Light Touch Regime) - £663,540.
 - Concessions - £ 5,336,937
- ‘Exception Log’ a record held by the Chief Financial Officer of all Contracts valued at £25,000 and above awarded without competition because the Contract meets one or more of the requirements listed in CSO 20.1.
- ‘Find a Tender’ is the UK e-notification service in which all tenders, from the public sector above relevant Thresholds must be published.
- ‘Framework Agreement’ an agreement which sets out the terms and conditions under which the Council can make specific purchases (“Call-Off”) from a Supplier(s) to provide services, goods or works at agreed standards and prices. If the Council calls off services, goods or works from the Supplier then a binding Contract is formed.
- ‘Grant’ for the purposes of these Contracts Standing Orders means a formal agreement giving financial assistance to an individual or organisation to assist in

meeting its general purpose or objectives but where the specific supply of goods, works or services is not required in return. There should be award criteria, performance targets and conditions on how the money is spent and Officers should monitor these in accordance with the terms of the grant agreement.

- 'Light Touch Regime' applies to social and other specific services as listed in Schedule 3 of the Procurement Legislation.
- 'Local Supplier' is any supplier that provides works, goods or services from a location within the Bradford District or where a substantial number of any employees working directly on the Contract are resident in the Bradford District.
- 'Officer' means employee(s) of the Council.
- 'Procurement Legislation' means the EU Public Contracts Directive (2014), the Public Contracts Regulations 2015 which implement the Directive in UK Law, and any subsequent statutory amendment or re-enactment, or subordinate legislation that may be in place from time to time.
- 'Public Service Mutual' an organisation which has left the Council parent body but continues to deliver public services. Mutuals are organisations in which employee control plays a significant role in their operation.
- 'Quotation' a formal written offer to execute works, or provide services or goods at a stated price
- 'Sheltered Workshop' an organisation that employs a proportion of disadvantaged or disabled workers which allows the supplier to be eligible to bid for certain types of Contracts which can be specifically reserved to organisations meeting the criteria.
- 'SIRO' Senior Information Risk Owner is the person with overall accountability and responsibility for information governance.
- 'Supplier' an individual or organisation that Contracts with the Council to provide works, goods or services.
- 'Tender' a formal written offer to execute works, or provide services or goods at a stated price
- 'TUPE' means the Transfer of Undertakings (Protection of Employment) Regulations 2006.
- 'Variation' is a change made to a contract in compliance with the Procurement Legislation and Contract Standing Orders.
- 'Whole Life-Cycle Costs' is an estimate of the total costs of works, goods or services over their life. It is a combination of the purchase price, implementation

and operating costs, procurement and Contract management costs, disposal costs less any residual value.

- 'YORtender' is the procurement portal used by the Council (<https://yortender.eu-supply.com>)

1 Introduction

- 1.1 The purpose of Contract Standing Orders is to set clear rules by which the Council spends money on works, goods and services. The rules apply to any Contract entered into by the Council. The procurement process covers the full life cycle of activities starting with the identification of need, through to evaluation, purchasing and contract management. Procurement can range from purchasing day to day commodities to purchasing key strategic items such as large capital assets, or commissioning a service or buying an entire service.
- 1.2 Public procurement must be undertaken in accordance with principles enshrined in Procurement Legislation. The Council must always act to promote competition and to ensure that each procurement is conducted as an open, transparent and fair competition. The Council must avoid practices which may restrict or distort competition.
- 1.3 All values quoted in these Contract Standing Orders are inclusive of Value Added Tax (VAT). Please refer to Bradnet for further details.
- 1.4 Any dispute or difference as to the interpretation of these Contract Standing Orders shall be resolved by the City Solicitor.
- 1.5 The Chief Financial Officer shall undertake a formal review of Contract Standing Orders on an annual basis which will be reported to the Governance and Audit Committee.

2 Compliance with Contract Standing Orders

- 2.1 Failure to comply with these Contract Standing Orders can result in disciplinary action against the Officers concerned.
- 2.2 Every Contract made by or on behalf of the Council for works, goods and services and all Council employees engaged to act in any capacity to manage or supervise a Contract must comply with;-
 - Procurement Legislation
 - All relevant statutory provisions including the Public Contracts Regulations 2015, competition law and public services acts (e.g. Social Value, Care Act 2014)
 - The Council's Constitution including these Contract Standing Orders, the Council's Financial Regulations and the Council's Procurement Policies
 - The Council's strategic objectives and policies
- 2.3 All Council Officers and organisations engaged on the Council's behalf shall ensure that all procurement activity is undertaken with regard to high standards of probity and in a manner which avoids any conflicts of interest. The Council's Employee Code of Conduct must be followed at all times.
- 2.4 In applying these Contract Standing Orders, all Officers shall have regard to the duty of Best Value under the Local Government Act 1999.

- 2.5 An Appropriate Officer may permit, with limitations, other Officers to authorise orders and Contracts in their own names on behalf of the Council. Any orders or Contracts made shall remain the responsibility of an Appropriate Officer. Appropriate Officers must maintain an up to date record of Authorised Officers and submit a copy of the list to the Chief Financial Officer on an annual basis at the commencement of the financial year.
- 2.6 The Chief Financial Officer may delegate some, or part of their responsibilities set out in these Contract Standing Orders to Officers in their service area. A written record of this delegation should be kept for transparency and audit purposes.
- 2.7 All orders for works, goods or services must be placed using the Council's approved systems in advance of the invoice being received and coded to the appropriate account codes. An official Council purchase order must be provided to the Supplier prior to the commencement of the Contract. Suppliers should be informed that all invoices should be sent direct to the Council's Accounts Payable team for processing
- 2.8 Miscellaneous payments must only be used where the payment is not as a result of a purchase (for example a refund or grant payment). Miscellaneous payments must not be used to:
- Pay suppliers for works, goods or services (including fees in relation to consultancy work and training), or
 - To reimburse employee expense claims or petty cash purchases
 - Pay loans to entities without consultation with the Chief Financial Officer
- 2.9 Non-compliance with Council's procedures and processes for the use of its requisition, ordering and payment systems may result in the Chief Financial Officer removing Officer access.
- 2.10 These Contract Standing Orders must be used, other than in exceptional circumstances which must be authorised by either:
- 2.10.1 The Executive; or
- 2.10.2 The Chief Financial Officer and the City Solicitor.
- after considering a report by an Appropriate Officer. The Appropriate Officer must retain written reasons of the decision.
- 2.11 Authorisation under Standing Order 2.10.2 will be reported to Governance and Audit Committee on a quarterly basis.
- 2.12 All Appropriate Officers are responsible for ensuring compliance by their staff and shall report all breaches to the Chief Financial Officer. All instances of non-compliance will be recorded by Procurement Services and be reported to Strategic Directors on a quarterly basis.

- 2.13 These Contract Standing Orders **do not** apply in relation to the procurement of legal services in respect of a specific matter for the purposes of
- Arbitration conciliation;
 - Judicial proceedings before the courts;

However, no such legal services shall be procured without the approval of the City Solicitor.

3 Social, Economic, Environmental and Ethical Considerations

- 3.1 In formulating proposals for a Contract, the Authorised Officer must consider the Public Services (Social Value) Act and follow requirements set out in the Council's Social Value and Inclusive Growth Policy.
- 3.2 Where appropriate and always subject to Procurement Legislation, the Authorised Officer should ensure that all requests for Tenders or Quotes are framed in such a way as to encourage Local Suppliers, small and medium sized companies (SME's) and third sector organisations such as social enterprises to bid. This may include dividing the Contract into lots.

4 Procurement Plans

- 4.1 After Council has agreed the Council's budget and before commencement of the financial year the Authorised Officer must prepare and maintain an annual procurement plan for all procurements of works, goods or services to be undertaken in the forthcoming financial year.
- 4.2 Procurement plans must be sent to the Chief Financial Officer in order that they can publish a Council wide procurement plan on the Council's website prior to the start of the financial year in line with the National Procurement Policy Statement.

5 In-House Services and Existing Arrangements

- 5.1 In all instances the procurement of works, goods or services should be done through existing approved arrangements where they exist. These include:

5.1.1 In-house provision

5.1.1.1.

Where the Council has an in-house provision and the estimated Contract Value is less than the relevant Threshold external suppliers can only be used when the Appropriate Officer providing such in-house provision confirms that they are unable to meet the requirements on that occasion due to insufficient resources, skills or capacity

5.1.1.2

If the estimated Contract Value is more than the relevant Threshold the Appropriate Officer providing such in-house service may also be required to clearly demonstrate that they provide Best Value.

5.1.2 Corporate Contracts, Framework Agreements or DPS awarded by the Council

5.1.2.1

The use of Council Corporate Contracts / Framework Agreements /DPS awarded by the Council shall be considered in the first instance in consultation with the Head of Procurement for all works, goods and services that have been included in the scope of those arrangements.

- 5.2 Information relating to the above arrangements will be published regularly on Bradnet.
- 5.3 Any requirement to procure IT products or services must first be referred to IT Services within Corporate Resources to ensure that these products or services align with the Council's IT Strategy, Enterprise Architecture Principles and Security policies.
- 5.4 Any requirement to procure marketing or communications products or services must first be referred to the Marketing and Communications Team in the Office of the Chief Executive to ensure these products or services align with the Council's marketing and communications strategy, and associated policies.
- 5.5 Where an existing arrangement or in-house service exists and the Officer is seeking to procure outside of these arrangements must consult with the Head of Procurement, the Authorised Officer is required to maintain a documented audit trail to demonstrate the correct approval has been obtained to procure outside of these arrangements.
- 5.6 Other arrangements should be considered and used where it can be evidenced that they provide Best Value:
- Contracts, Framework Agreements or DPS established by central purchasing bodies (Crown Commercial Services, YPO etc.) or other public bodies
 - Collaborative or shared service arrangements with another public body
 - Alternative delivery vehicles such as Controlled Entities or Public Service Mutuals
 - Sheltered Workshops

6 Estimating Contract Values

- 6.1 The method for determining the estimated total value of a Contract / income Contract, should be based on the total amount (inclusive of VAT) which the Council expects to pay and / or any other forms of remuneration the Council, Contractor (or a third party) will receive by operation of the Contract over the term of the Contract. Such calculation must include, where relevant any maintenance and on-going support costs. (Example calculation: Estimated Contract Value = (Annual Cost + other forms of remuneration) x Contract

Length)). Estimates should be prepared in advance of inviting tenders or quotations.

- 6.2 In determining the value of a Contract, the Council must also include the potential value of any options to extend that may be built into the Contract and take into consideration the value of all lots where the Contract is going to be broken into lots.
- 6.3 When determining the value of a Framework Agreement the anticipated value of all spend through that Framework Agreement including the spend of any other Contracting Authorities who are able to access the Framework Agreement must be taken into consideration.
- 6.4 Officers must ensure that estimated values must **not** be artificially split (disaggregated) in an attempt to avoid the applicability of these Contract Standing Orders, relevant Procurement Legislation, other legislation or the requirements of the Council's Constitution. Requirements must be calculated based on all Council spend (i.e. the corporate requirement rather than an individual service areas need)
- 6.5 Where a proposed procurement includes two or more types of provision (i.e works, goods or services) the procedure followed shall be based on the provision that characterises the main subject of the Contract in question.

7 Pre-Procurement Requirements

- 7.1 All procurement processes and documentation will be proportionate to the total value of the Contract and the nature of the works, goods or services.
- 7.2 Before commencing procurement activity for Contracts valued at £25,000 (inclusive of VAT) and above the Authorised Officer must undertake the following:

7.2.1 Report to Overview and Scrutiny Committee Contracts valued £2m and above

For Contracts with a total estimated value of £2m and above report details to the relevant Overview and Scrutiny Committee using the standard Committee report template. Reports are to be taken at an early stage once Officers have a draft procurement strategy and specification to allow members to comment on matters. For clarity, details of call-off Contracts from an existing Framework Agreement or DPS do not need to be separately reported providing the original Framework Agreement or DPS has been reported except where the relevant Overview and Scrutiny Committee request a separate report.

7.2.1.1 Where appropriate this may include a programme of contract procurements where individual contracts exceed £2m. Authorised Officers must provide the report in a timely manner before the commencing procurement activity. Please refer to Bradnet for further guidance.

7.2.2 Obtain approval from the Authorised Officer and Head of Procurement for all contracts valued £100,000 and above

For all contracts with a total estimated value of £100,000 and above a report on the proposed procurement must be approved by the Authorised Officer and the Head of Procurement before procurement documents are issued to the market. For clarity, market engagement, as described at CSO7.2.3 can be carried out prior to approval being obtained, Please refer to Bradnet for further details

7.2.3 Market Engagement

Carry out, where appropriate, pre-procurement engagement with the market (including talking to suppliers, clients and other stakeholders) to understand the availability, strengths and weaknesses of markets and to develop the specification and the Best Value procurement and contractual approach. Pre-engagement with the market must be done in such a way that ensures the subsequent procurement process remains open, fair and transparent with no Supplier gaining an unfair advantage which would distort competition.

7.2.2.1 Advice must be sought from Procurement Services where it is proposed to use a Prior Information Notice (P.I.N.)

7.2.4 Route to Market

Consider the most appropriate route to market including whether a Framework Agreement, DPS or Electronic Auction is appropriate and would deliver Best Value seeking advice from the Head of Procurement where necessary

7.2.5 Specification Development

Be satisfied that a written and clear specification has been prepared which will form the basis of the Contract.

7.2.6 Risk Assessment

For all Contracts with an estimated Contract Value of more than the Threshold for goods and services, or where there is a significant supply risk (identified using a procurement risk assessment form available on Bradnet) a documented risk log must be maintained by Officers.

7.2.5.1 Any Officer conflict of interests should be dealt with as part of the risk assessment process.

7.2.7 Equality and Diversity Implications

Consider at the outset any equality and diversity implications that may require an equality impact assessment to be undertaken

7.2.8 Service Transfer or Strategic Partnership Development

Before commencing any process for procuring Contracts which involves a proposed service transfer or the development of a strategic

partnership, the Authorised Officer must consult the Chief Financial Officer.

7.2.9 TUPE implications

Consider at the outset any TUPE implications and schedule in seeking relevant legal and HR assistance

7.2.10 Data Protection

Identify all Contracts involving the processing of personal data, information security or data processing implications that may require additional schedules or terms and conditions considering the General Data Processing Regulation, the Data Protection Act, and the need to notify the SIRO

7.2.11 Social Value

Consider at the outset any implications from the Social Value Act in accordance with the Council's Social Value and Inclusive Growth Policy

7.2.12 Whole Life Costings

Prepare and document an estimate of the whole life-cycle costs including where appropriate any on-going costs and/or disposal costs and ensure that the cost is within the approved current and future budget provision for both capital and revenue expenditure

7.2.13 Evaluation Criteria

Ensure that all evaluation criteria including sub-criteria have been determined in advance, put in order of relative importance or weighting and published in the tender documentation. Selection criteria must be relative and proportionate following statutory guidance issued by the Secretary of State. Details of any financial assessment to be undertaken (CSO 19.8) and the form of contract to be applied (CSO 22) must be included in the tender documentation.

7.2.14 Electronic Documentation

Ensure that electronic versions of all the appropriate and approved forms of procurement documentation is available through an internet portal immediately on publication of any advert.

7.2.15 Financial Assessment

Ensure that Financial Services are consulted to ensure the procurement documentation includes financial assessment criteria that is tailored to be proportionate to the Contract being procured.

7.3 Authorised Officers are responsible for arrangements to ensure the proper control and use of Council ordering and contracting procedures, in accordance with guidance issued by the Chief Financial Officer and the City Solicitor.

- 7.4 All procurement activity must be undertaken using the Council's standard template documentation unless prior approval has been obtained from the Head of Procurement.

8 Framework Agreements and Dynamic Purchasing Systems

8.1 Call-Off Arrangements

- 8.1.1 Where a Call-Off is proposed under an existing Framework Agreement or DPS that has been established by a consortium, collaboration, purchasing organisation or other public body, the Council may consider using this Framework Agreement or DPS if;
- a. The Framework Agreement or DPS has been established by an entity, and via a process, which permits the Council to access those arrangements lawfully;
 - b. It is in the best interest of the Council to access the Framework Agreement or DPS, unless it does not offer Best Value, which must be documented for audit purposes.
- 8.1.2 Before undertaking a Call-Off under any Framework Agreement or DPS, thorough due diligence should be undertaken and advice sought from Procurement Services to confirm it is able to be used and whether it is appropriate to use it.
- 8.1.3 Call-Offs must be awarded based on the criteria identified in the Framework Agreement or DPS.
- 8.1.4 Where a Call-Off is undertaken via a direct award process (which is prescribed in the Framework Agreement), the Contractor must be requested in writing to supply a written submission, that is verified to confirm it can meet the requirements of the Council in accordance with the terms and conditions and pricing established in the Framework Agreement in advance of entering into a Contract unless otherwise prescribed in the Framework direct award call-off procedure.
- 8.1.5. Subject to the due diligence confirming the suitability of the Framework Agreement or DPS, it can be used as a potential route to market without going down one of the procedures outlined at CSO 10 to 13

8.2 Establishing a Framework Agreement / DPS

- 8.2.1 Where the Council is establishing a Framework Agreement or DPS which may be accessed by other Contracting Authorities the estimated Contract Value must take account of all potential work that may be put through the agreement and follow the procedures set out in these Contract Standing Orders.
- 8.2.2 If the Council is establishing a Framework Agreement or DPS in accordance with CSO 8.2.1 reference must be made within the procurement documents explaining that the Framework Agreement or DPS is intended for wider use,

and advice should be sought from the City Solicitor to ensure the terms upon which other Contracting Authorities access those arrangements are clear and offer appropriate protection to the Council.

- 8.2.3 In establishing a Framework Agreement, the total duration (including any extensions) cannot exceed four years except in exceptional circumstances relating to the subject matter of the Framework Agreement. Any proposal to establish a Framework Agreement with a duration exceeding four years should be referred to the Head of Procurement for advice.
- 8.2.4 Where, taking in to account the above, the estimated value of the Framework Agreement or DPS is estimated to be above the relevant threshold, the Authorised Officer must ensure that the names of the other public bodies are included on the Find a Tender notice either individually or by identifiable class.
- 8.2.5 In establishing a Framework Agreement or DPS, the Council must ensure that the terms of the Framework Agreement or DPS make the process by which Contracts under the Framework Agreement or DPS are entered into, and the terms under which they will be entered, is explicitly clear.

9 Concession Contracts

- 9.1 If the Authorised Officer is considering entering into an arrangement which could constitute a Concession Contract, early advice must be sought from Procurement Services and the City Solicitor.

10 Contracts valued up to £24,999 (inclusive of VAT)

- 10.1 Where a Contract has an estimated value up to £24,999, the Authorised Officer must be able to demonstrate Best Value and must select suppliers to obtain quotes from fairly and openly. Local Suppliers must be used wherever possible. All quotations must be obtained in writing.
- 10.2 Where the Contract has an estimated value of up to £24,999 the following records must be kept:
 - (a) A unique reference number for the contract and the title of the contract or purchase order details;
 - (b) Any invitations to quote and the quotations received;
 - (c) A record of the decision to contract and the reasons for it;
 - (d) Communication with the successful Supplier.
- 10.3 To comply with the Local Government Transparency Requirements, details of all Contracts awarded of £5,000 and above must be recorded on the Council's procurement portal, YORtender and on the Contracts and Grants Register. Officers shall retain a written record of actions taken and the reasons using the pro-forma template available on Bradnet.
- 10.3.1 The pro-forma should be completed and details recorded the Contracts and Grants Register prior to a purchase order being created.

11 Contracts between £25,000 and £213,477 (Threshold for Goods and Services) (Inclusive of VAT)

- 11.1 Contracts that are estimated to be for amounts between £25,000 and £213,477 must be let on a competitive basis on YORtender. The Authorised Officer must determine the most appropriate procedure to undertake.
- 11.2 The Authorised Officer must either:
- 11.2.1 use a closed procedure inviting a minimum of four suppliers registered on YORtender including inviting Local Suppliers wherever possible, or
- 11.2.2 use an open procedure advertising the opportunity to the open market using both YORtender and Contracts Finder
- 11.3 When using the closed procedure, if the minimum number of Tenders cannot be obtained owing to insufficient suitable Suppliers prepared to tender, then the Authorised Officer must keep a record of this.
- 11.4 No pre-qualification questionnaire is permitted during the procurement. Suitable assessment questions to assess eligibility are part of the Council's template procurement documents and can be used as part of the overall quality evaluation. Suitability Assessment Questions may only be included within the procurement where they are
- a) Relevant to the subject matter of the procurement; and
 - b) Proportionate
- 11.5 Only the winning bidder(s) will be required to submit certificates and documents as evidence of their legal and financial standing and technical or professional ability in addition to specific requirements relating to insurance, health and safety, equality, environmental management etc.

12 Light Touch Regime Contracts Valued £213,477 to the Light Touch Regime Threshold, Concession Contracts Valued £213,477 to the Concession Threshold, Works Contracts Valued £213,477 to the Works Threshold (inclusive of VAT)

- 12.1 The procurement of Contracts for the provision of Light Touch Regime Services, Concession Contracts and Contracts for works with a value between £213,477 and the relevant Threshold may be undertaken in accordance with procurement procedures as outlined in CSO11.
- 12.2 Procurement of any such Contracts must, however, be let on a competitive basis, which is advertised to the open market, through YORtender and on Contracts Finder.
- 12.3 The most common procedures to be used for Contracts within these thresholds are processes broadly equivalent to the Open and Restricted procedures set out in the Procurement Legislation. Where consideration is

given to any other procedure then early advice must be sought from the Head of Procurement.

13 All Contracts valued above the Threshold (inclusive of VAT)

- 13.1 Where the Contract Value is likely to exceed the relevant threshold it must be tendered in accordance with the relevant Procurement Legislation, unless it is to be procured through an existing Framework Agreement or DPS agreement that has been established via a compliant public procurement process.
- 13.2 Suppliers must be appointed by one of the procedures under CSO 14.
- 13.3 All Tenders must be advertised on the YORtender system and Contracts Finder. Standard template documentation must be used.
- 13.4 All Tenders above the relevant Threshold must be advertised on Find a Tender.

14 Procurement Procedures

- 14.1 The **open procedure** under which all those interested may respond to the advertisement by submitting a Tender. This is often the most expedient system and enables all of the Suppliers in the market that wish to engage in the process to submit a Tender. There is no pre-qualification or short-listing stage prior to invitation to tender (ITT).
- 14.2 The **restricted procedure** under which a selection process is made of those who respond to the advertisement and only they are invited to submit a Tender. This procedure can only be used for tenders above the Threshold for goods and services.
- 14.3 The following procedures apply to more strategic, complex or high value projects and must be done in consultation with the Head of Procurement as there are limited circumstances under which these processes can be used.
- 14.4 The **competitive dialogue procedure** under which a selection is made of those who respond to the advertisement and the Council enters into dialogue with potential bidders to develop one or more suitable solutions on which the chosen bidders submit a Tender. This can be used where the Contract is complex and cannot be purchased “off the shelf”.
- 14.5 The **competitive procedure with negotiation** under which a selection is made of those who respond to the advertisement and only they are invited to submit a Tender. The Council may then open negotiations to seek improved offers.
- 14.6 The **innovation partnership procedure** under which a selection is made of those who respond to the advertisement and the Council uses a negotiated approach to invite suppliers to submit innovative ideas to meet a need where there is no suitable existing “product” on the market. The partnership can be awarded to more than one supplier.

- 14.7 For Contracts for Social and Other Specific Services subject to the Light Touch Regime Authorised Officers have more freedom to design a procurement procedure that is broadly comparable to the procedures described in CSO14. Consideration should be given to the Cabinet Office's guidance on procurement under the Light Touch Regime. The Head of Procurement must be consulted and the Authorised Officer must ensure that principles of transparency and equal treatment are observed.
- 14.8 For Contracts for Healthcare Services, joint commissions with NHS bodies, and contracts fully or partially funded from NHS budgets where it is proposed to procure under the flexibilities of the Health and Care Bill's Provider Selection Regime (PSR) the Head of Procurement must be consulted at the earliest possible opportunity.
- 14.8 The procedure to be undertaken as identified in this CSO 14 must be explained from the outset in the procurement documentation and adhered to throughout.

15 Submitting and Opening Tenders and Quotations

- 15.1 Every invitation to tender or request for a quotation must state that a Tender or Quotation will only be considered if it is received by the specified closing date and time via YORtender, or for quotes below £25,000, at the specified date and time.
- 15.2 All Tenders or Quotations for each Contract must be opened by the Officer appointed by the Authorised Officer at a prescribed time.
- 15.3 The Authorised Officer must keep a record of all Tenders and Quotations.
- 15.4 The Authorised Officer shall after consultation with the Head of Procurement disqualify a Tender or Quotation which fails to comply with the requirements of this Contracts Standing Order (15.1) and must inform the bidder or Quotation provider, as soon as possible, stating the reason for the disqualification.

16 Evaluation

- 16.1 An evaluation panel must be convened for all evaluation processes undertaken. Representation on the panel must be from people who have knowledge of the subject area and be proportionate to the size and value of the procurement being undertaken.
- 16.2 For all Contracts, regardless of value, no person with a personal or financial interest in any of the bidders submitting a proposal should be involved in evaluating Tenders or involved in any way in influencing the decision as to which bidder is to be awarded a Contract. A declaration of interest form must be completed prior to the commencement of the evaluation process and held on file by the Authorised Officer.

- 16.3 The evaluation of tenders **must** be in accordance with the evaluation criteria specified in the original tender documents. Under no circumstance should there be a deviation away from this.
- 16.4 Where a bidder submits a qualified or conditional tender, they must be given the opportunity to withdraw the qualification or condition without amendment to the bid submitted. If a bidder fails to do so their bid must be rejected unless it is dealt with as an alteration to their submission in accordance with CSO 17 below.
- 16.5 Where a Tender received appears to be abnormally low, the Council is under a statutory duty to request that the bidder concerned provides a full and detailed response to explain the price / cost proposed. Identifying and dealing with abnormally low bids shall be the responsibility of the Authorised Officer. The Council may reject an abnormally low bid, where the justification doesn't satisfactorily account for the low level of price. Where consideration is being made to the rejection of a bid on these grounds advice must be sought from the Head of Procurement and City Solicitor.

17 Errors in Tenders and Quotations

- 17.1 Prior to acceptance of any Tender or Quotation received, any arithmetic error or other minor discrepancy made in good faith can be corrected by the Head of Procurement after consultation with the Authorised Officer in one of the following two ways:
- 17.1.1 The bidder shall be given details of the error(s) found during the examination of the Tender and shall also be given the opportunity of confirming without amendment or withdrawing the Tender; or
- 17.1.2 Amending the Tender to correct genuine arithmetic error(s) provided that in this case, apart from these genuine arithmetic errors, no other adjustment, revision or qualification is permitted.
- 17.2 A written record must be kept of all such amendments.

18 Post Tender and Quotation Negotiations

- 18.1 In the interests of ensuring an open, fair and transparent process, negotiation following receipt of tenders is only permissible in limited circumstances.
- 18.2 No negotiation is permitted following **receipt of final tenders** where the Tender is above the Threshold.
- 18.3 Where the procurement is below the Threshold, the Authorised Officer may, after consulting with the Chief Financial Officer, and where it is intended to obtain better value for money, authorise negotiations with one or more bidders or Quotation providers where s/he considers that none of the Tenders or Quotations are acceptable and it is in the Council's interests to do so.

18.4 Negotiation on behalf of the Council should be conducted by two or more Authorised Officers and a written record kept of the negotiation.

19 Approval and Acceptance of Tenders and Quotations

19.1 For every Contract, Framework Agreement or DPS over the relevant Threshold or £2 million and above in value (whichever is lower) a tender evaluation report must be produced which includes details of:

- the winning bid,
- the suppliers involved,
- results of any selection process,
- the value and subject matter of the Contract,
- justification for using any negotiated type procedure,
- any decision not to award,
- reasons for not using electronic communications,
- any conflict of interest,
- reasons for rejecting abnormally low bids.

19.2 The tender evaluation report must be approved by an Officer with the appropriate authority and the Head of Procurement prior to notification letters referred to at CSO 19.4 being issued.

19.3 The Authorised Officer can only accept the most economically advantageous Tender or Quotation and must record the reasons for acceptance.

19.4 All suppliers who submit a Tender or Quotation should be notified in writing of their success or failure in a timely manner using the standard documents. All notifications should be signed by the relevant Authorised Officer.

19.5 For procurements concerning Contracts with values above the relevant Thresholds it is essential that all unsuccessful letters contain the following;

- The award criteria used;
- The score the bidder obtained against those award criteria;
- The score the winning bidder obtained;
- The name of the winning bidder;
- The characteristics and relative advantages of the winning tender; and
- Precise details of the standstill period.

19.6 For all tenders covered by the Procurement Legislation, the minimum statutory standstill period is required between notification of the award decision and final Contract award.

19.7 Whilst the standstill period referred to above is not a legal requirement for below threshold procurements, above threshold procurements under the light touch regime or Call-Offs under Framework Agreements or DPS, it is normal practice to apply a voluntary standstill period to allow an opportunity for unsuccessful aggrieved bidders to challenge / complain and for the Council to satisfactorily deal with such instances before entering in Contract.

19.8 Before entering into any Contract, the Authorised Officer must

19.8.1 be sure that they have the necessary authority to enter into the Contract and that these Contract Standing Orders, the Council's Financial Regulations and procurement advice have been complied with, and that the proposed Contract represents Best Value

19.8.2 be satisfied about the technical capability of such proposed Supplier; and

19.8.3 where a significant supply risk has been identified (in accordance with CSO 7.2.5 and for all Contracts of £213,477 pa and above, or £213,477 (if the Contract is for less than 1 year) for works, goods or services consult with the Chief Financial Officer to agree appropriate checks on the financial and resource capacity of the Supplier to perform the Contract and to agree what, if any, security should be provided for performing the Contract. Forms of security include such as: parent company guarantee, Director's guarantee and performance bonds.

19.9 All Contracts awarded of £5,000 and above must be recorded on the YORtender system and all Contracts valued at £25,000 and above must also be published on Contracts Finder. All Contracts above the Threshold must also be published on Find a Tender.

19.10 For all Contracts and extensions valued at £100,000 and above a briefing note for the Leader of the Council must be produced.

19.11 For every Contract, Framework Agreement or DPS over the relevant Threshold or £2 million and above in value (whichever is lower) which is proposed to be abandoned a tender evaluation report, indicating the reasons for the abandonment, must be approved by an Officer with the appropriate delegated authority and the Head of Procurement prior to abandonment notification letters being issued.

20 Exceptions

20.1 Subject to the statutory requirements for procurement processes above Thresholds no competitive procurement process is required where one or more of the following exceptions apply:

20.1.1 the purchase of proprietary or patented goods or materials or services which, are obtainable only from one supplier, and where no reasonably satisfactory alternative is available;

20.1.2 the execution of works or the supply of goods or services are controlled by a statutory body

20.1.3 the execution of works or supply of goods or services are of a specialised nature which, are carried out by only one supplier, and where no reasonably satisfactory alternative is available;

- 20.1.4 the execution of works or supply of goods or services for which it can be demonstrated that no genuine competition can be obtained;
 - 20.1.5 the purchase of a named product required to be compatible with an existing installation;
 - 20.1.6 special education, health or social care Contracts, if, it is considered in the Council's interests and to meet its obligations under relevant legislation;
 - 20.1.7 the execution of works or the supply of goods and services that are required so urgently as not to permit compliance with the requirements of competition.
 - 20.1.8 carrying out, with the approval of the Chief Financial Officer, security works where the publication of documents or details in the tendering process could prejudice the security of the works to be done.
 - 20.1.9 The procurement is a unique work or art or artistic performance
 - 20.1.10 To allow for the continuation of a contractual arrangement with a Supplier beyond the terms of a Contract, in exceptional circumstances and where the duration of the continued Contractual arrangements is determined in accordance with the timescales required to complete a re-procurement or the decommissioning of the provision
 - 20.1.11 The selection of a supplier upon the instruction of a third party, providing all the funding is met by a third party.
- 20.2 All exceptions with a total value of £25,000 and above require the support of the Chief Financial Officer, who is ultimately responsible for procurement within the Council, as well as the relevant Appropriate Officer.
- 20.3 An exception request form must be completed and submitted to the Head of Procurement for comment prior to contract award for every instance of an exception of £25,000 and above. The Authorised Officer must ensure that the market for a proposed Contract has been investigated, and that the Authorised Officer can demonstrate that departure from these Contract Standing Orders is justifiable and provides overall value for money.
- 20.4 The Authorised Officer must retain written reasons justifying the decision to use CSO 20 and be able to demonstrate that Best Value has been obtained.
- 20.5 Any Contract valued at £25,000 and above awarded using an exception shall be notified to the Chief Financial Officer who will record the Contract in the "Exceptions Log".

21 Contract Extensions, Variations, Novation or Termination

Extensions

- 21.1 The Authorised Officer can extend a Contract subject to the extension being permitted within the scope and terms of the original procurement and Contract and before the expiry date.
- 21.2 An options appraisal must be undertaken to determine if it represents Best Value to extend the Contract and any approval required must be sought in a timely manner.
- 21.3 The Authorised Officer must make every effort to negotiate improved terms, at the point of extending the Contract, with regard to the cost and quality of the goods or services.
- 21.4 No extension shall be made until funding has been secured in accordance with the Council's Financial Regulations or any other similar requirement.

Variations

- 21.5 All Contract Variations must be carried out within the scope of the original Contract and must not materially affect or change the Contract.
- 21.6 There are significant limitations upon the Council being able to make such modifications, especially where the Procurement Legislation applies.
- 21.7 When considering a Variation or modification valued £25,000 and above of an existing Contract, advice must be sought in advance from the Head of Procurement and where appropriate the City Solicitor.
- 21.8 Such variations must be approved by:
 - 21.8.1 the Assistant Director of the Service if the value of the variation is less than 25%, or the revised, total Contract Value is less than £100k,
 - 21.8.2 the Strategic Director of the Department if the value of the variation is greater than 25%, and the revised total Contract Value is £100k or above, or
 - 21.8.3 the Chief Financial Officer if the value of the variation is greater than 50% and the total value of the Contract is £100k or above.
- 21.9 Works Contracts variations, subject to CSO 21.6 and 21.7, must be managed in accordance with the relevant works Contract clause(s), and by no later than the next periodic valuation of the works reported in accordance with 21.8.1 to 21.8.3 above
- 21.10 Following the approval of any Variation the relevant notices described at CSO19.9 must be updated and any further notifications required to comply with Procurement Legislation published.

Novations

21.11 In the event that a novation is required because a Supplier ceases to provide the work, goods or services whether as a result of insolvency, company restructuring, company purchase, termination of the Contract or any other reason then the Authorised Officer must consult with the Chief Financial Officer and City Solicitor before novating or assigning the Contract to a new Supplier.

Termination

21.12 Before commencing a process of terminating a Contract with a Supplier for a breach of Contract the Authorised Officer must consult the Chief Financial Officer and City Solicitor.

22 Written Contracts

22.1 The Authorised Officer must ensure every Contract is in writing.

22.2 Every Contract with a Contract Value of £2 million or above must be executed under seal as a Deed with the common seal of the Council by the City Solicitor. Any exception must be agreed by the City Solicitor.

22.3 Every Contract with a Contract Value of less than £2 million should be executed under seal as a Deed with the common seal of the Council by the City Solicitor in the following circumstances:

- the Council wishes to enforce the Contract for more than 6 years after its end (e.g. for land or works); or
- it is required by parties to the Contract; or
- the price paid or received under the Contract is a nominal price and does not reflect the value of the goods/services; or

22.3 Otherwise the following rules for signature apply:

- where the total Contract Value is below £100,000 an Authorised Officer can sign within the limits specified by an Appropriate Officer as per Contract standing order 2.5.
- any Contract with a total value between £100,000 and £2 million must be signed by an Assistant Director or above

22.4 Letters of Intent should not be used unless approved by an Authorised Officer following consultation with the City Solicitor and the Chief Financial Officer.

22.5 All Contracts with the exception of one-off purchases below £5,000 must be recorded on the Contracts and Grant Register.

23 Professional Services, Consultants and Intermediary Employment

- 23.1 An Authorised Officer may only appoint external consultants providing professional or consulting services if such services are not available within the Council or if Council Officers providing them do not have the resources to meet the needs of the Authorised Officer. Approval of the Consultancy and Contractor Procurement Process must be obtained before seeking quotes or tenders.
- 23.2 In line with HMRC IR35 and CIS rules the Authorised Officer must consider guidance available on Bradnet and identify the employment status of the Supplier for tax purposes for the Contract entered into, and notify the Chief Financial Officer. Although not a definitive list, Suppliers providing works or services in the following instances must be considered:
- Services delivered personally by the Supplier
 - Consultancy work
 - Self employed contractors or suppliers
 - The engagement of a worker through a limited company or other body
 - The use of a Personal Services Company
 - The engagement of a CIS registered contractor
- 23.3 For Contracts identified as being within the scope of the IR35 payments can only be made in compliance with IR35 legislation.
- 23.4 The Authorised Officer must consult the Chief Financial Officer for all Construction Industry Scheme (CIS) Contractor appointments and payments.

24 Contract Conditions

- 24.1 The Council's standard terms and conditions should be used for all Contracts subject to CSO24.2. Any exception must be agreed in consultation with the City Solicitor **before** entering in to Contract.
- 24.2 The above rule shall not apply to:
- UK government standard documentation or government sponsored schemes such as Academies and amendments may be made for Best Value or project specific reasons.
 - Construction and/or engineering Contracts where bespoke conditions based on accepted industry practice are used e.g. JCT, NEC or ICE
 - Where Framework Agreements / DPS are being used.

25 Contract Management

- 25.1 The Authorised Officer is responsible for contractual spend over the duration of a Contract, and must scrutinise and challenge supplier performance, costs and progress, and must take appropriate measures and sanctions to improve supplier poor performance.

- 25.2 The Authorised Officer must ensure that an Officer is assigned to manage every Contract. This must be recorded on the Contracts and Grants Register.
- 25.3 The Authorised Officer must ensure that Contract specifications contain suitable key performance indicators to incentivise appropriate service delivery and to highlight poor performance.
- 25.4 The Authorised Officer must undertake suitable due diligence checks of a Supplier's technical and organisational measures to fulfil their obligations as Data Processors under the General Data Protection Regulation.
- 25.5 Any Officer designated with responsibility for managing a Contract should complete the Government Commercial College Foundation Contract Management Training.

26 Leases and Other Credit Agreements

- 26.1 The Authorised Officer must ensure that prior to entering into any lease or credit arrangement which has a capital cost, the cost must first be approved for inclusion in the Capital Investment Plan in accordance with Financial Regulations relating to capital expenditure.

27 Grants

- 27.1 The Authorised Officer must follow the principles, processes and template documents of these Contract Standing Orders as appropriate for awarding grants prior to entering into any grant arrangements.
- 27.2 Grant funding arrangements should be considered carefully to decide whether they are in fact a procurement for the purposes of these Contracts Standing Orders. A genuine Grant funding arrangement is not a procurement. However, Officers should consider whether the purpose that the grant is being provided for could be achieved through a procurement.
- 27.3 Before awarding any grant with an estimated value of £100,000 and above, the Authorised Officer must consult the Chief Financial Officer.
- 27.4 For the purpose of the UK Subsidy Control Regime a 'grant award' proforma must be completed for all grants regardless of value and returned to Procurement Services, prior to award of the grant, who will update the national BEIS database with details of the grant.
- 27.5 All grant agreements shall be recorded in the Contracts and Grant Register.

28 Payment Outside of Standard Procure to Pay Procedures

- 28.1 The Chief Financial Officer will make payments on account only on certificates (or other forms approved by the Chief Financial Officer) which have been issued

by the Authorised Officer, or the architect/engineer/supervising officer appointed to deal with a particular Contract.

- 28.2 An Authorised Officer may where there has been written agreement with the Chief Financial Officer (setting out the parameters) make purchases and payments via a purchasing card. Purchasing cards must only be used in accordance with the Council's Purchasing Card Compliance Policy, any exception to the Policy must be agreed in advance with the Chief Financial Officer.
- 28.3 The Chief Financial Officer will withdraw the use of purchasing cards should the above not be complied with. Instances of non-compliance can result in disciplinary action in accordance with CSO 2.1.
- 28.4 Payment for goods, works and services are not to be made in advance of delivery other than in a low Contract Value and low risk situation or where it is industry practice to do so that has been agreed in writing with the Appropriate Officer.

29 Claims

- 29.1 The Authorised Officer must inform the City Solicitor of all claims by or against suppliers which are the subject of formal dispute resolution or litigation between the Council and the supplier.

30 Contracts Where Members Have an Interest

- 30.1 Members shall ensure that all procurement activity which is undertaken has regard to high standards of probity and in a manner which avoids any conflict of interest. The Members' Code of Conduct must be followed at all times.

TABLE 1

Value Band	Total Contract Value	Procurement Options	Additional procedures
1	£0 - £24,999 (Inclusive of VAT)	CSO Section 10 <ul style="list-style-type: none"> • Must demonstrate Best Value • Must use in-house or Corporate Contract where applicable unless otherwise agreed with the Head of Procurement • Must use Local Supplier where possible • Consider using purchasing card for low value, low risk purchases 	<ul style="list-style-type: none"> • All quotes in writing • Contracts of £5,000 and above must be recorded on YORtender • All Contracts of £5,000 and above to be entered in the Contracts & Grant Register
2	£25,000 – Threshold for Goods and Services (Inclusive of VAT)	CSO Section 11 <ul style="list-style-type: none"> • Must use in-house or Corporate Contract where applicable unless otherwise agreed with the Head of Procurement • Consider availability of an existing suitable Framework Agreement or DPS • seek minimum of four quotes inviting local suppliers if available or • Open tender process 	<ul style="list-style-type: none"> • Consider all pre-procurement requirements • All quotes in writing • Use YORtender for quotes or formal tender • £100k and above Complete briefing note for Contract award • All Contracts to be entered in the Contract & Grant Register
3	Light Touch Regime Contracts, Concession Contracts and Works Contracts £213,477 to relevant Threshold (Inclusive of VAT)	CSO Section 12 <ul style="list-style-type: none"> • Must use in-house or Corporate Contract where applicable unless otherwise agreed with the Head of Procurement • Consider availability of an existing suitable Framework Agreement or DPS • Open tender process or process agreed by the Head of Procurement. 	<ul style="list-style-type: none"> • Consider all pre-procurement requirements • Use YORtender for quotes or formal tender • Complete briefing note for Contract award • All Contracts to be entered in the Contracts & Grants Register
4	Above relevant Threshold (Inclusive of VAT)	CSO Section 13 <ul style="list-style-type: none"> • Must use in-house or Corporate Contract where applicable unless otherwise agreed with the Head of Procurement • Consider availability of an existing suitable Framework Agreement or DPS (call-off) • Formal tender process • Full tender process with advert published on Find a Tender in accordance with Thresholds 	<ul style="list-style-type: none"> • All proposed Contracts must be referred to Procurement Services • Consider all pre-procurement requirements • Use YORtender for formal tender • Complete Tender Evaluation Report for Contract award • All Contracts to be entered in the Contract & Grant Register • Report to Overview & Scrutiny for Contracts of £2million and above prior to publishing tender

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PART 3F Financial Regulations

GENERAL

- 1 Application
 - 1.1 These Financial Regulations are made in accordance with the provisions of section 151 of the Local Government Act 1972 and the Accounts and Audit Regulations 2015 and subsequent amendments to provide for the proper administration of the Council's financial affairs. The Director of Finance (Chief Financial Officer/S151 Officer) has overall responsibility for this administration. More detailed guidance is contained in Financial Advice Notes and other procedures issued by the Chief Financial Officer.
 - 1.2 In these Financial Regulations "Appropriate Officer" means the Chief Executive, Strategic Directors, Directors, City Solicitor, the Chief Financial Officer (S151 Officer) or any other officer designated by resolution of the Executive.
 - 1.3 In these Financial Regulations "Appropriate Member" for the purposes of paragraph 16.4.2, means the portfolio holder for the service area required to comply with the Financial Regulations and the Ward members where the proposed expenditure has implications for a specific Ward.
 - 1.4 These Regulations state the principles of financial control and administration, which must be followed by all officers of the Council. Failure to comply with these Financial Regulations may result in disciplinary action against the officer(s) concerned. Appropriate Officers must certify annually their compliance with internal controls.
 - 1.5 In applying these Financial Regulations, all officers shall have regard to the duty of Best Value under the Local Government Act 1999.
 - 1.6 Annually, the Chief Financial Officer will review these Financial Regulations and report any proposed alterations to the Governance and Audit Committee for consideration. The report will then be presented to Council for approval as part of the annual review of the Constitution.
 - 1.7 The Chief Financial Officer may allow specific exceptions to these Financial Regulations where in their opinion it is in the Council's interest. The Chief Financial Officer must keep a record of these exceptions and report these to the Governance and Audit Committee on an annual basis.
 - 1.8 The Chief Financial Officer can alter the financial limits in these regulations because of changes in the value of money. The Chief Financial Officer must report any alterations to the next meeting of the Governance and Audit Committee.
 - 1.9 All amounts quoted in these Financial Regulations refer to values excluding Value Added Tax.
 - 1.10 In applying these Financial Regulations, all officers shall comply with the Budget* and Policy Framework Procedure Rules set out in Part 3C of the Constitution and implement the specific further requirements and best practice advice provided by the

Chief Financial Officer. *The budget is approved by full Council in February and may be subsequently varied during the year by full Council.

FINANCIAL CONTROLS AND PROCEDURES

2 Accounting and Financial Systems

2.1 The Chief Financial Officer is responsible for approving and controlling the Council-wide accounting and financial systems. Appropriate Officers must comply with these accounting and financial systems.

3 Audit Arrangements

3.1 The Chief Financial Officer must monitor, review and report on:

3.1.1 The soundness and adequacy of financial management control systems and how they are implemented.

3.1.2 How far established policies, plans and procedures are complied with and the financial effect.

3.1.3 How far assets, resources and interests are accounted for and safeguarded from losses due to fraudulent offences, waste, extravagance and inefficiency.

3.1.4 The effectiveness of risk management, control and governance processes taking into account public sector internal audit standards and guidance.

3.2 The Chief Financial Officer or their designated officer

a) can visit all premises to see cash, stores and other property,

b) has right of access to any documents and all other data sources considered necessary and

c) can ask any officer for any information and explanations considered necessary and may produce a report.

The officer concerned must provide promptly and has no more than two months to respond to the report detailing the intended action to be taken on the report's recommendations. The Appropriate Officers are responsible for appropriate procedures being in place to ensure that the intended action has been implemented. The Chief Financial Officer must take to the Governance and Audit Committee the Annual Internal Audit Plan, the Annual Internal Audit Report and any other report relevant to Internal Audit. The Chief Financial Officer must inform the Governance and Audit Committee every year about any responses to reports, which are still outstanding.

3.3 If any officer suspects or knows of any losses or irregularities concerning cash, property, stores or other financial matters they must inform the Corporate Fraud Unit at once and discuss action to take. The Chief Financial Officer must report serious losses and irregularities to the Governance and Audit Committee.

4 Statement of Accounts

- 4.1 Each year the Chief Financial Officer must produce to the Executive an outturn report for the previous financial year showing income and expenditure on both capital and revenue account compared against estimates.
- 4.2 Each year the Chief Financial Officer must produce the Council's Statement of Accounts (which shall include the Annual Governance Statement) and submit them to the Governance and Audit Committee.

5 Payments to Staff

- 5.1 Appropriate Officers are responsible for arrangements for paying employees in accordance with rules issued and systems established by the Chief Financial Officer. Payments to workers must comply with IR35 Regulations.
- 5.2 The Appropriate Officer is responsible for the accuracy of all information passed to the Strategic Director Corporate Resources or their designated Officer that is used for making payments to staff and the Strategic Director Corporate Resources or their designated Officer is responsible for the accuracy of payments made in accordance with information received.
- 5.3 Appropriate Officers or their nominees should maintain an up to date signatory list of all officers approved by them to manually authorise all payroll and related documents.
- 5.4 Appropriate Officers or their nominees should authorise staff who can have Chief Position status on MSS. Only staff with Chief Position status can authorise electronic payroll and related documents including starters and leavers for their staff.

6 Banking Arrangements

- 6.1 The Chief Financial Officer controls the Council's bank accounts and is responsible for all procedures.
- 6.2 All cheques, giros, promissory notes and any other financial instruments and other orders for payment can be signed only by the Chief Financial Officer or other officers authorised by the Chief Financial Officer.

7 Borrowing and Credit Arrangements

- 7.1 The Strategic Director Corporate Resources and Chief Financial Officer exclusively can negotiate loans to the Council.
- 7.2 Appropriate Officers must consult the Chief Financial Officer before entering into any property lease, finance lease or other contract for the use of an asset, which may be deemed a credit arrangement and controlled under Sections 7 and 8 of the Local Government Act 2003.

8 Strategic Investments

- 8.1 The Investment Advisory Group (IAG) will make investment recommendations to the Strategic Director Corporate Resources and oversee a strategy for generating income from investment in other assets, taking into account sources of funds, objectives/purpose, scope of investment (geography, sector, exclusions), risk appetite, duration, return requirements and the economic and regulatory environment.
- 8.2 The Strategic Director Corporate Resources and Chief Financial Officer exclusively can make investments. They must put them under the name of the Council and/or the appropriate Trust Fund. Investments can include loans made, to for profit and not for profit organisations providing the purpose of the loan is consistent with the Council's priorities and advice relating to subsidy control has been obtained.

9 Treasury Management

- 9.1 The Treasury Management function shall be carried out by the Chief Financial Officer in accordance with the Code of Practice on Treasury Management in the Public Service produced by CIPFA and in accordance with the Treasury Management Policy Statement and Treasury Management Practices/Schedules approved by the Governance and Audit Committee.
- 9.2 All Council money (excluding cash controlled by schools under delegated budgets) shall be under the control of the Chief Financial Officer.
- 9.3 All operational decisions on borrowing, investment or financing (except for schools under delegated budgets) shall be made by the Chief Financial Officer or officers nominated under the Scheme of Delegation contained in the Treasury Management Practices/Schedules.
- 9.4 Each year the Chief Financial Officer shall present to Governance and Audit Committee the following reports on Treasury:
- 9.4.1 A Treasury Management Policy Statement, Minimum Revenue Provision Strategy and Annual Investment Strategy
 - 9.4.2 An Annual Treasury Management report
 - 9.4.3 and a Mid-Year Treasury update report.

All above reports subsequently will be presented to full Council.

10 Value Added Tax

- 10.1 Appropriate Officers must fully consider and take into account the VAT implications of all policy decisions.

10.2 Where a capital project is proposed which involves expenditure in any of the VAT exempt activity areas Appropriate Officers must:

10.2.1 Ensure that the VAT implications are taken into account during the planning stage.

10.2.2 Liaise with the Chief Financial Officer on any capital proposals which may have exempt implications; and

10.2.3 Ensure that any report to members states that the VAT exempt implications have been considered within the financial implications section of the report.

10.3 Any proposal to change the method by which a service is provided should be notified to the Chief Financial Officer.

11 Partnerships, Joint Ventures and Companies which are either wholly owned by the Council or where the Council is a Guarantor or has a Share Holding Interest

11.1 Where it is proposed that the Council be involved in a partnership arrangement or a joint venture or where the Council is to be a guarantor of a company limited by guarantee or a shareholder of a company, the Appropriate Officer shall first consult with the Chief Financial Officer and City Solicitor on the proposals, and shall agree arrangements to provide for the effective monitoring and governance in each case of the arrangement, Joint Venture or company operation.

11.2 All proposals for the transfer of in house services to an external provider must be considered by the Alternative Delivery Model Steering Group, chaired by the Chief Financial Officer, to ensure adequate safeguards are in place.

11.3 This Regulation does not apply to investments under Regulation 8 or pension fund investments under Regulation 33.

PROCUREMENT OF GOODS, WORKS AND SERVICES

12 Contract Standing Orders

12.1 Any officer of the Council who is either responsible for, or undertakes, procurement of goods, works and services on behalf of the Council, or behalf of any other body for whom the Council acts, must follow the Council's Contract Standing Orders.

EXPENDITURE REQUIREMENTS

13 Expenditure Limits

Financial Regulations

- 13.1 Appropriate Officers may spend up to the total budgeted resources for their services in the most efficient and cost effective manner and deploy those resources flexibly in order to meet the Council's strategic objectives and policies for those services and secure value for money as approved in the Council's budget and policy framework, provided that:
- 13.1.1 Budget for capital charges and/or statutory charges may not be vired for other purposes.
 - 13.1.2 Portfolio holders are consulted before the Appropriate Officer transfers resources under their delegated control but between Portfolio Holders' remits.
 - 13.1.3 Requests for virement of revenue over £100,000 from the control of one Appropriate Officer to another are to be approved by Council unless agreed by all three leaders of the three largest political groups represented on the Council.
- 13.2 Where a request for virement of revenue over £100,000 is approved in accordance with Standing Order 13.1.3 above the officer seeking approval will notify all elected members of Council of that approval within 5 working days.
- 13.3 The Chief Financial Officer will report all approvals given under Standing Order 13.1.3 to the Executive, as part of the Quarterly Financial Report.
- 13.4 Appropriate Officers are responsible for all expenditure incurred.
- 13.5 Appropriate Officers may make variations within their total budget but where any such variations will have a financial impact on another Council department they must consult with the department concerned.
- 13.6 Appropriate Officers shall not incur expenditure beyond the total budgeted provision, nor make commitments or variations in staffing levels, which would lead to increases in expenditure in future years beyond approved limits. Appropriate Officers must inform the Chief Financial Officer immediately if it appears to them that the total expenditure incurred by their services (including expenditure they propose to incur) is likely to exceed the approved budget.
- 14 Better Use of Budget
- 14.1 In order for Appropriate Officers to manage their budgets more effectively, they may, with the written approval of the Chief Financial Officer:
- 14.1.1 Underspend their allocation and carry the balance forward to the following year, or,

- 14.1.2 Overspend their allocation and deduct the amount overspent from the following year's budget, provided that by carrying a balance forward this would not create an overspend in the following year.
- 14.2 Any action taken under paragraph 14.1.1 or 14.1.2 above must be agreed with the Chief Financial Officer.
- 15 Procure to Pay and Miscellaneous Payments
- 15.1 Appropriate Officers, or their nominees, are responsible for authorising purchases or making miscellaneous payments. Officers should ensure that the expenditure is necessary and appropriate and that there is a budget on the correct financial code to cover such expenditure, before giving approval.
- 15.2 The Miscellaneous Payments process enables payments to be made which are not the result of a purchase, for example a refund, grant payment or third party payment. Miscellaneous Payments must not be used to pay suppliers (for goods, services or works; this includes professional fees/services, particularly to consultants or training providers). It must also not be used to reimburse employee expenses or petty cash purchases.
- 15.3 The CHAPS, Immediate, Next Day or Future Dated Payments process must not be used to pay suppliers for goods, services or works other than in exceptional circumstances where an invoice is provided and the use of CHAPS is authorised by the Chief Financial Officer.
- 15.4 Appropriate Officers should ensure that staff are properly trained to follow the procure to pay process, use an approved feeder system and to use SAP Procure to Pay.
- 15.5 Appropriate Officers should review and document staff access to the SAP Procure to Pay system and any approved feeder system at least on an annual basis to ensure it is up to date and appropriate.

CAPITAL EXPENDITURE

- 16 Expenditure Arrangements
- 16.1 Appropriate Officers shall ensure that the potential effects of capital expenditure on the Council's VAT position are properly considered in accordance with Regulation 10.
- 16.2 All capital investment proposals must be supported by a business case. The business case for a proposal, fully funded by a revenue budget or capital grant, must demonstrate that it fits within the overall Capital Programme and maximises grant funding.

- 16.3 Capital Investment proposals not fully funded by a revenue budget or capital grant, must be supported by a business case approved by both the Project Appraisal Group and the Portfolio Holder. These proposals must be evaluated in terms of value for money risk, deliverability and fit within the overall Capital Investment Plan. Only proposals with approved business cases can be included in the Capital Investment Plan.
- 16.4 Appropriate Officers shall ensure that every scheme involving capital expenditure is approved for inclusion in the Capital Investment Plan before any commitment is made, and in this respect:
- 16.4.1 Schemes to be financed from an approved revenue budget or to be fully financed from capital grant may be approved by the Chief Financial Officer, and
- 16.4.2 All schemes other than those approved by the Chief Financial Officer in accordance with 16.4.1 must be agreed by the Project Appraisal Group before submission to the Executive for approval.
- 16.5 Appropriate Officers shall ensure that:
- 16.5.1 The scheme is designed and specified within the approved costs in the Capital Investment Plan (which will be shown at outturn prices) in consultation with the Chief Financial Officer where appropriate.
- 16.5.2 Appropriate Members are consulted on plans and detailed estimates for schemes over £75,000.
- 16.5.3 Where appropriate, Government or any other source of external funding approvals has been received.
- 16.5.4 The tender to be accepted does not exceed the technical officer's estimate of the tender price (as reflected in the Capital Investment Plan) by more than:
- 16.5.4.1 10% or £100,000, whichever is the lesser, for schemes costing over £75,000.
- 16.5.4.2 15% or £7,500, whichever is the lesser for schemes costing £75,000 and below.
- 16.6 Appropriate Officers shall ensure compliance with all current policies on capital expenditure including the requirement to refer schemes (excluding schemes that are entirely funded by external grants or revenue budget) to the Executive immediately prior to entering into any completely new commitments. In addition, Appropriate Officers shall be responsible for keeping both the appropriate Portfolio Holder and the Chief Financial Officer advised of

schemes; and shall ensure that the resultant revenue consequences of a capital scheme can be financed within their approved revenue budget.

17 Monitoring the Capital Investment Plan

- 17.1 Each Appropriate Officer must ensure that annual spending on capital schemes does not exceed the approved cost.
- 17.2 Once a scheme has started, an Appropriate Officer must report to the Executive at the point at which it becomes apparent that the cost of a capital scheme will exceed the approved figure in the Capital Investment Plan by more than the amounts referred to in 16.5.4.1 and 16.5.4.2.
- 17.3 Additional works to an approved scheme beyond the original scheme proposals exceeding the approved figure in the Capital Investment Plan may only be authorised by the Executive.
- 17.4 Where the approved cost of schemes is reliant on funding from specific resources such as supplementary credit approvals and grants, Appropriate Officers must secure the funding before entering into commitments.
- 17.5 Capital expenditure and funding form part of the financial monitoring reports prepared for the Executive, which must include the benefits of investment. Each Appropriate Officer will monitor capital spending and resources and provide information in accordance with the timetable and guidelines issued by the Chief Financial Officer.

INCOME REQUIREMENTS

18 Income Arrangements

- 18.1 When the authority provides goods or discretionary services to bodies or individuals external to the Council, Appropriate Officers must ensure:
- 18.1.1 A sound business case is established, the business case to identify the basis of any proposed charge.
- 18.1.2 The Council has legal authority to carry out the service
- 18.1.3 All relevant financial, employment and legal aspects have been properly considered and
- 18.1.4 The Council is not exposed to unreasonable or disproportionate financial or other risk
- 18.2 Appropriate Officers are responsible for arrangements for the collection, receipt, recording, banking and safe-keeping of all Council income in accordance with rules issued by the Chief Financial Officer.

- 18.3 Appropriate Officers are responsible for all arrangements for credit facilities and accounting for doubtful debts in accordance with rules issued by the Chief Financial Officer. The Council's Accounts Receivable System must be used for the recording and collection of credit income due and the recovery of all outstanding debt unless other arrangements have been agreed with the Chief Financial Officer. Arrangements whereby customers self-bill should not be entered into unless expressly agreed, in advance, in writing by the Chief Financial Officer.
- 18.4 All contracts where the Council agrees to provide a service for a fee must be in writing and state the services to be provided, the price to be paid, the payment agreement and the time within which the contract is to be performed.
- 18.5 Credit notes must only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt and once it is confirmed that the debt is not payable. Credit notes must be approved by the relevant Appropriate Officer or their nominated Senior Officers before they are raised.
- 18.6 The Chief Financial Officer must approve the writing-off of debts and other losses except where they have specified the level of small value debts below £100 for which Appropriate Officers can give approval. The Chief Financial Officer may also delegate senior officers within Department of Corporate Resources to approve write-offs.
- 18.7 As an Appropriate Officer, the Director – West Yorkshire Pension Fund (WYPF) must approve the writing-off of debts and other losses relating to WYPF debts only. The Director – West Yorkshire Pension Fund (WYPF) may also delegate senior officers within WYPF to approve WYPF debt write-offs in accordance with the WYPF documented procedures.
- 19 Prevention of Money Laundering
- 19.1 In accordance with the Money Laundering Regulations 2007, the Council will not accept cash payments in excess of €10,000. For practical purposes, this limit is set at £8,400 subject to Financial Regulation 1.8.
- 19.2 All officers must adhere to guidance issued by the Chief Financial Officer on compliance with Money Laundering Regulations.
- 20 Review of Fees, Charges and Concessions
- 20.1 The introduction of any fee, charge or concession, or removal of any subsidy must be approved by the Executive unless it is required by legislation or is in accordance with approved policy or strategy.

- 20.2 The Appropriate Officer must review fees charges and concessions annually; including circumstances where there is a legal power to charge but no charge is currently applied.
- 20.3 The annual review must have regard to relevant policies and strategies, cost of service and budget implications and inflation. In particular, where there is a requirement for a service to break even or to generate a surplus, the review must have regard to this requirement.
- 20.4 Appropriate Officers may vary fees charges and concessions in line with inflation forecasts stated by the Chief Financial Officer.
- 20.5 Proposed variations to fees, charges and concessions other than in line with inflation forecasts must be referred to the Executive, except that minor variations may be made by the Appropriate Officer after consultation with the appropriate Executive portfolio holder subject to any budgetary consequences being managed within existing service revenue budgets.
- 21 Grant Applications and Claims
- 21.1 Appropriate Officers are responsible for arrangements for the submission of grant applications to outside agencies, the certification of claims and the proper management of monies received in accordance with the Corporate Standard 3.
- 21.2 The Chief Financial Officer must be informed of all grant applications in excess of £100,000 at the time of application, and the result of all such grant applications as soon as this is known.

MANAGEMENT OF ASSETS

- 22 Asset Register
- 22.1 The Chief Financial Officer will keep the asset register of the Council and will issue procedures for its maintenance and valuation.
- 22.2 Appropriate Officers must ensure that all assets, which are used by or are the responsibility of their services, are recorded in accordance with rules laid down by the Chief Financial Officer. Appropriate Officers must supply such information to the Chief Financial Officer as requested from time to time.
- 23 Keeping Inventories and Stock Control
- 23.1 Appropriate Officers must keep inventories of equipment, plant and machinery in accordance with rules issued by the Chief Financial Officer. Inventories must be regularly reviewed and all items physically checked at least annually.

23.2 Stock held for re-sale must be valued at the lower of cost or net realisable value. Where valuation on this basis would result in a reduction in the overall carrying value of the range of stock held at a particular establishment of more than 10%, the Chief Financial Officer must be consulted as to the appropriateness of the valuation. Any stock losses should be dealt with under Financial Regulation 3.3.

24 Property Marking

24.1 Wherever possible, all portable and/or attractive equipment, plant and machinery that belong to the Council must be visibly and permanently marked to show that it is the property of Bradford Council. In the case of new equipment, the Appropriate Officer must first check to ensure that marking will not invalidate the warranty. Leased items will be marked as such where marking is acceptable to the Lessor.

25 Control of Assets

25.1 Appropriate Officers are responsible for the safekeeping and proper use of all Council assets and other resources under their control.

26 Private Property

26.1 When an Appropriate Officer has to look after private property, they must make a complete inventory of the property under their custody and make arrangement for its safekeeping.

27 Private Funds

27.1 Appropriate Officers must ensure that when an employee because of their job has to look after money that does not belong to the Council they must keep it separate from the Council's money and make arrangements for its recording and safekeeping.

27.2 A private fund can only be set up with the approval of an Appropriate Officer.

27.3 Private funds must be audited every year by two independent individuals or one CCAB qualified accountant. Copies of the audited accounts must be sent to the Appropriate Officer.

27.4 The Chief Financial Officer can see all records and vouchers for private funds. The Chief Financial Officer must be told of any funds, which do not comply with all these requirements.

28 Land and Property

28.1 Appropriate Officers must consult with the Strategic Director Corporate Resources before acquiring land or property by whatever means (including

purchase, sale, lease, tenancy, licence or option). The Strategic Director Corporate Resources shall ensure compliance with all relevant current legislation, policies and protocols.

28.2 Appropriate Officers must consult with the Strategic Director Corporate Resources before disposing of land or property by whatever means. All disposals of Council land or property must be carried out in accordance with the Land and Property Disposal Policy and, if appropriate, the Community Assets Transfer Policy.

28.3 The Strategic Director Corporate Resources shall be consulted on and will approve all asset disposals before contract exchange.

29 Disposal of Other Assets

29.1 When disposing of any other asset, Appropriate Officers must ensure the Council's Financial Advice Note on Disposal of Assets is followed.

INFORMATION MANAGEMENT

30 Computer and Information Management

30.1 Appropriate Officers shall make adequate arrangements for the protection, identification, security, recording and proper use of all:

30.1.1 Computer hardware/software and associated technologies owned by or accessible to the Council either hosted on premises or in the cloud.

30.1.2 Council information systems, manual and electronic, including the control of access to premises where information is processed.

30.2 Appropriate Officers shall have regard to the provisions of the British Standard Code of Practice for Information Security Management ISO/IEC 27001 Payment Card Industry Data Security Standard and PCI-DSS Public Services Network (PSN), Data Security and Protection Toolkit (DSP Toolkit) or any replacement thereof for the time being in force when considering the protection and security of personal, financial, sensitive and confidential information.

30.1 All officers must comply with the Council's Information Security Policy and guidelines relating to the use of computer hardware, software, related technologies, E-mail and the Internet. All Officers must undertake the mandatory GDPR Protection training annually as stipulated in the Council's Data Protection Policy [and all officers must be aware of the Employee Code of Conduct in regards to the handling of personal data..](#)

30.2 .

- 30.3 All officers must understand their responsibility when handling data that the council holds, which is either created by the Council or provided by partners, agencies, other public and private bodies via a data sharing agreement [and/or other personal data disclosures](#) and seek advice and guidance from the Information Asset Owner (IAO) or the Council's Data Protection Officer.

INSURANCE ARRANGEMENTS

31 Insurance Cover

- 31.1 The Chief Financial Officer will arrange all insurance cover and keep a record of details.
- 31.2 Appropriate Officers must immediately tell the Chief Financial Officer about:
- 31.2.1 New risks to be insured.
 - 31.2.2 Alterations to existing insurance cover required.
 - 31.2.3 Insured Assets, which have been disposed of.
- 31.3 Each year Appropriate Officers must check that insurance cover is adequate.

32 Insurance Claims

- 32.1 Appropriate Officers must immediately notify the Chief Financial Officer once aware of any loss, liability or damage, which may involve a claim. The Chief Financial Officer will negotiate and/or arrange settlement in accordance with any insurance arrangements made.

WEST YORKSHIRE PENSION FUND

33 Pension Arrangements

- 33.1 City of Bradford Metropolitan District Council, as administering authority for West Yorkshire Pension Fund (WYPF), has delegated legal and strategic responsibility for WYPF to the Governance and Audit Committee. The Council has established three bodies to assist and support the Governance and Audit Committee in overseeing the Fund, namely the WYPF Pension Board, WYPF Investment Advisory Panel and the WYPF Joint Advisory Group. Under the Council's Financial Regulations, the Director – West Yorkshire Pension Fund has day-to-day responsibility for the management of the Fund. The Chief Financial Officer at Bradford Council, as the Council's Section 151 Officer, has responsibility for signing the Fund's year-end accounts. A copy of WYPF Governance Compliance Statement can be found on WYPF website.

PUBLIC ACCOUNTABILITY REQUIREMENTS

34 Rules for Officers

- 34.1 An officer of the Council must not, in connection with their office of employment, accept any fee or reward whatsoever other than their proper remuneration.
- 34.2 An officer must not receive or give or offer any gift or bribe or personal inducements in connection with the Council's business.
- 34.3 An officer must not use Council property, assets or materials for other than the purposes of the Council. Permission of the Appropriate Officer must be sought for use of Council property, assets and materials for other purposes and such permission may only be given if it can be shown that such use is in the Council's interests.
- 34.4 An officer must not subordinate their duty to the Council to their private interests or put themselves in a position where their duty and private interests conflict.
- 34.5 If any officer suspects or knows of any financial loss or irregularity, they must inform the Corporate Fraud Unit immediately.
- 34.6 An officer must comply with the Employee Code of Conduct.

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Report of the Director of Finance & IT to the meeting of the Governance and Audit Committee to be held on 24th March 2022

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Subject:

Treasury Management Strategy 2022-23

Summary statement:

This report shows the Council's 2022-23 Treasury Strategy

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Director of Finance & IT

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Portfolio:
Corporate

Overview & Scrutiny Area:
Corporate Services

1. INTRODUCTION

1.1 Background

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

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

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

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

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
 - the capital plans, (including prudential indicators);
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an investment strategy, (the parameters on how treasury investments are to be managed).

- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.3 Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit Committee.

1.3 Treasury Management Strategy for 2022-23

The strategy for 2022-23 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training has been undertaken by members on the 25th November 2021 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

1.5 Treasury management consultants

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.6 Updates to the Prudential and Treasury Management Code

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services 2017. An updated version of this Code and Prudential Code was published in December 2021. Although the new Codes apply immediately, the Prudential Code states that the changes to reporting requirements that they introduce can be deferred until the 2023-24 financial year. Given the timing of the publication of the updated Codes it has not yet been possible to implement changes to the treasury management prudential indicators, however work will be undertaken with the aim of introducing them during 2022-23.

Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023-24 Treasury Management Strategy.

2. CAPITAL PRUDENTIAL INDICATORS

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Prudential Indicators currently do not include anything relating to a Council HRA and they will be reviewed again once a decision has been made.

2.1 Capital expenditure and financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Table 1: Capital Plan Expenditure

Capital expenditure	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total	64	162	203	242	145	78

Table 2 below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Table 2: Capital funding

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total Capital Spend	64	162	203	242	145	78
Capital Spend not funded from borrowing	52	81	100	120	72	40
Capital spend funded from borrowing	12	81	103	122	73	38

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g., PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £155m of such schemes within the CFR.

Table 3: Capital Financing Requirement

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Capital Financing Requirement	699	755	831	920	956	953
Movement in CFR		56	76	89	36	-3

Movement in CFR represented by

Net financing need for the year (above)		81	103	122	73	38
Less MRP/VRP and other financing movements		-25	-27	-33	-37	-41
Movement in CFR		56	76	89	36	-3

2.3 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the Full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The policy, as approved by Executive 15 February 2022 and Full Council 17 February 2022, is set out in Appendix 2. There are no changes compared to last year, the policy will be reviewed and updated as required once a decision has been taken on the implementation of a Housing Revenue Account.

The main elements of the policy set out in Appendix 2 are set out below:

- Pre 2008 debt, which cannot be distinguished against specific assets, is being repaid over 50 years on an equal instalment basis.
- Some debt taken out between 2008 and 2012 is currently being repaid on an annuity basis. This reflects policy and regulations during this period.
- All other debt is repaid on an equal life basis: as determined by the expected lifespan of each individual asset.
- The policy also provides some discretion to the Section 151 officer in determining debt repayments. However, this is subject to the relevant scheme meeting targets.

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31st March 2021 and as at 31st January 2022 are shown below for both borrowing and investments.

Table 4: Treasury Portfolio

	Actual 31 March 2021	Actual 31 March 2021	Current 31 January 2022	Current 31 January 2022
	£m	%	£m	%
Treasury Investments				
Banks	87.5	65.6	134.1	99.1
Building Societies	9.3	7.0	0	0
DMADF (H M Treasury)	36.5	27.4	1.2	0.9
Total Treasury Investments	133.3	100	135.3	100
Treasury External Borrowing				
Other	0.4	0.1	0.4	0.1
PWLB	297.8	88.6	292.3	88.5
LOBOs	37.8	11.3	37.8	11.4
Total external borrowing	336.0	100	330.5	100
Net Treasury Investments / (borrowing)	-202.7		-195.2	

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

The Council is forecast to hold around £488 million of external borrowing and other long-term liabilities as at 31 March 2022. This is analysed in Table 5.

Table 5: Borrowing Projection

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
External Debt						
Debt at 1 April	347.8	336.0	341.0	436.3	536.8	587.0
Expected change in Debt	-11.8	5.0	95.3	100.5	50.2	9.0
Other long-term liabilities (OLTL)	163.0	154.9	147.0	138.5	129.9	121.1
Expected change in OLTL	-8.1	-7.9	-8.5	-8.6	-8.8	-9.9
Actual gross debt at 31 March	490.9	488.0	574.8	666.7	708.1	707.2
The Capital Financing Requirement	698.8	755.0	831.0	920.0	956.0	953.0
Under / (over) borrowing	207.9	267.0	256.2	253.3	247.9	245.8

This table indicates that, based on the capital programme (paragraph 2.2), additional borrowing from PWLB will be required of £95m in 2022-23, £100m in 2023-24 and £50m in 2024-25. The percentage variable debt rate will reduce as interest rates on older debts were higher than current rates.

The relative mix of future internal and external borrowing will be considered in conjunction with advice from the Council's external treasury management advisor, noting that provision has been made in the updated Council budget plan revenue resource assumptions to accommodate a continued future mix of internal and external borrowing.

Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022-23 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance & IT reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

Salix Finance Limited provides interest free Government funding to the public sector to improve their energy efficiency, reduce carbon emissions and lower energy bills. The Council has taken the opportunity to secure £19.1 million interest free loans to part fund the £45 million approved street lighting replacement scheme in the Council's approved capital plan. To date in 2021-22, the Council has received £1.7m from Salix.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

The authorised limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit.

Table 6: Operational Boundary and Authorised Limit

	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m
Operational boundary	850	840	930	960
Authorised limit	852	860	940	970

3.3 Interest Rate Forecast

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 7th February 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Table 7: Interest rate Forecast

Link Group Interest Rate View 7.2.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

As shown in the forecast table above, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%. However, Link Group stress that these forecasts could be subject to risks for the following reasons:

- Mutations of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.
- Labour and supply shortages prove more enduring and disruptive and depress economic activity.
- The Monetary Policy Committee acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- The Monetary Policy Committee tightens monetary policy too late to ward off building inflationary pressures.
- The Government acts too quickly to cut expenditure to balance the national budget.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.

- Major stock markets e.g., in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.
- Geopolitical risks, for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows, or if there is concerns over inflation an increase in yields.

Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PWLB rates. The forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

3.4 Investment and borrowing rates

Investment returns have started improving in the second half of 21-22 and are expected to improve further during 22-23 as the MPC progressively increases Bank Rate.

Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

In November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows: -.

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

Link Group has forecast a long-term (beyond 10 years) Bank Rate of 2.00%. As some PWLB certainty rates are currently below 2.00%, there remains value in considering long-term borrowing from the PWLB where appropriate. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio. In addition, there are also some cheap alternative sources of long-term borrowing if an authority is seeking to avoid a “cost of carry” but also wishes to mitigate future re-financing risk

While this Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new borrowing that causes a temporary increase in cash balances.

3.5 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with

loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low.

The Chief Financial Officer has the delegated responsibility to arrange such loans as are legally permitted to meet the Council's borrowing requirement and to arrange terms of all loans to the Council including amounts, periods and rates of interest.

Against this background and the risks within the economic forecast, caution will be adopted with the 2022-23 treasury operations. The Director of Finance & IT will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

At the point of acquiring longer term funding consideration will be given to:

- Whether the forecast capital borrowing requirement has reduced or slipped into the following year.
- The forecast changes to levels of reserves/balances, including whether the Council has received funding in advance of spending for capital schemes.

The strategy is to take longer term fixed rate borrowing when opportunities arise in combination with the temporary use of short-term borrowing as required. This strategy is considered prudent as base rate rises are expected to be measured and small during the forecast period (to Q1 2025).

Any decisions will be reported to the appropriate decision-making body at the earliest opportunity.

3.6 Policy on borrowing in advance of need

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

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.7 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 bps in November 2020.

3.8 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency.
- UK Infrastructure Bank.

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital and Investment Strategies (separate reports that went to full Council 17th February 2022).

The Council’s investment policy has regard to the following: -

- DLUHC’s Guidance on Local Government Investments (“the Guidance”).
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”).
- CIPFA Treasury Management Guidance Notes 2018.

The Council’s investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

The guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
3. Other information sources used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Council has defined the list of types of investment instruments that the treasury management team are authorised to use.
 - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments

which require greater consideration by members and officers before being authorised for use.

5. Non-specified and loan investment limits. The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of £20m.
6. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. Transaction limits are set for each type of investment in 4.2.
8. This Council will set a limit for its investments which are invested for longer than 365 days, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.3).
10. This Council has engaged external consultants, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in sterling.
12. As a result of the change in accounting standards for 2022-23 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31st March 2023.

However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

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

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) are:

Table 8: Investment Counterparties

Institution	Amount	Time limit	To qualify as a "specified investment"	Non-UK Country	Short term Investment rating	Long Term investment rating
Bank /Building Society	£30m	2yrs	Less than 1 year	AA-	Requires if available Fitch F1 S & P A-1 Moody's P-1	Moody's Aa3 or Fitch AA- if not available.
Bank /Building Society	£20m	1yr	Less than 1 year	AA-	Requires if available Fitch F1 S&P A_1 Moody's P_1w	Moody's A1 or Fitch A1 if not available
Bank/Building Society	£7m	100 days	Less than 1 year	AA-	Either F1 or S&P A_1	Either Moody's A1
Nat West Bank	£20m	1yr	Less than 1 year	AA-	Council bank/part Government owned	n/a
Treasury Bill/DMO	No limit	1yr	Less than 1 year		n/a	UK Gov. rating
Money Market Fund	£20m	Instant access	Less than 1 year		n/a	Either Moody's AAA Fitch AAA or S&P AAA
Local Authority	£20m	1yr	Less than 1 year	AA-	n/a	n/a

Use of additional information other than credit ratings - Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Creditworthiness - Significant levels of downgrades to Short- and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

CDS prices - Although bank CDS prices, (these are market indicators of credit risk), spiked upwards at the end of March / early April 2020 due to the heightened market uncertainty and ensuing liquidity crisis that affected financial markets, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return

in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a) **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being £20m of the total treasury management investment portfolio.
- b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of A1 for the UK and AA- for the rest of the world from Fitch or equivalent. The list of countries that qualify using these credit criteria as at the date of this report are shown in Appendix 4. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 1.25% in November 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, are as follows:

Table 9: Investment earnings rates

Average earnings in each year	Now	Previously
2022-23	1.00%	0.50%
2023-24	1.25%	0.75%
2024-25	1.25%	1.00%
2025-26	1.25%	1.25%
Years 6 to 10	1.50%	-
Years 10+	2.00%	2.00%

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Table 10: Upper limit for principle sums invested for longer than 365 days

	2022-23 £m	2023-24 £m	2024-25 £m
Principal sums invested for longer than 365 days	£20m	£20m	£20m

4.5 Investment performance / risk benchmarking

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day, compounded/ SONIA. The investment average return up to the end of January was 0.11% with average investment balance of £176m.

4.6 End of year investment report

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

5. Other considerations

CIPFA published the revised Prudential and Treasury Management codes on 20th December 2021 and has stated that formal adoption is not required until the 2023-24 financial year. This Council has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports, which are taken to Full Council for approval during the financial year.

Key changes to the codes include the following:

- A requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
- Long term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case.
- Clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment. The Council has no plans to invest in commercial activities primarily for revenue yield.

- Address Environmental, Social and Governance (ESG) issues within the Capital Strategy.
- Require implementation of a policy to review commercial property, with a view to divest where appropriate.
- Create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices). These will be prepared and included with the treasury management strategy 2023-24.
- Ensure that any long term treasury investment is supported by a business model.
- A requirement to effectively manage liquidity and longer term cash flow requirements.
- Amendment to TMP1 to address ESG policy within the treasury management risk framework.
- Amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council. These are covered in the Treasury Management Practices that are reviewed every year.
- A new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage).

In addition, all investments and investment income must be attributed to one of the following three purposes:

- **Treasury management** - Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.
- **Service delivery** - Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".
- **Commercial return** - Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

As this Treasury Management Strategy Statement and Annual Investment Strategy deals solely with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

In addition to the revisions to the Treasury Management and Prudential Codes, the DLUHC launched a consultation on changes to the capital framework in November 2021. Implementation of these changes is also set for the 2023-24 financial year

Members will be updated on how all these changes will impact our current approach and any changes required will be formally adopted within the 2023-24 TMSS report.

6. Financial and Resources Appraisal

6.1 The financial implications are set out in section 1,2,3 and 4 of this report

7. Risk Management and Governance Issues

7.1 The principal risks associated with treasury management are:

Risk: Loss of investments as a result of failure of counterparties.

Mitigation: Limiting the types of investment instruments used, setting lending criteria for counterparties, and limiting the extent of exposure to individual counterparties.

Risk: That the Council will commit too much of its investments in fixed term investments and might have to recall investments prematurely resulting in possible additional costs or new borrowing (Liquidity risk).

Mitigation: Ensuring that a minimum proportion of investments are held in short term investments for cash flow purposes.

Risk: Increase in the net financing costs of the Council due to borrowing at high rates of interest.

Mitigation: Planning and undertaking borrowing and lending in light of assessments of future interest rate movements, and by undertaking mostly long term borrowing at fixed rates of interest (to reduce the volatility of capital financing costs).

Risk: Higher interest rates increase borrowing making it more difficult to self-finance capital schemes. Debt servicing becomes less affordable and less sustainable and crowds out revenue spend.

Mitigation: To pause, delay or defer capital schemes. Also review opportunities to borrow in the future at current interest rates.

Risk: Return on non-treasury investments lower than expected.

Mitigation: Review and analysis of risk prior to undertaking non-treasury investments.

Risk: Coronavirus. The level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy make it very difficult to accurately assess the impact on investments, capital spend and borrowing for the Council. The scale of impact will depend on the length of any lockdown and the depth of any recessionary impact.

Mitigation: Cash investments will be mainly held short term due to the uncertainties caused by the virus and we will continue to monitoring the situation and report any changes in the next Treasury report.

Risk: The Council's Minimum Revenue Policy charges an insufficient amount to the Revenue Estimates to repay debt.

Mitigation: Align the Minimum Revenue Policy to the service benefit derived from the Council's assets.

Risk: Associated with cash management, legal requirements and fraud.

Mitigation: These risks are managed through:

- Treasury Management Practices covering all aspects of Treasury management procedures including cash flow forecasting, documentation, monitoring, reporting and division of duties.
- All Treasury management procedures and transactions are subject to inspection by internal and external auditors. The council also employs external financial advisors to provide information on market trends, credit rating alerts, lending criteria advice and investment opportunities.

The Council also employs external financial advisors to provide information on market trends, credit rating alerts, lending criteria advice and investment opportunities.

Risk: Anticipated borrowing is lower than expected because the 2022-23 capital programme is underspent. This is explained in more detail below, together with the actions being taken to reduce these risks:

Mitigation: The Council is required to set a balanced budget for its revenue estimates; so in broad terms, income received will match expenditure over the 2022-23 financial year. The 2022-23 revenue estimates cause only temporary cash flow differences, for example when income is received in a different month to when the expenditure is incurred.

However, the 2022-23 capital budget will cause a cash flow shortfall in the long term, which generates a borrowing requirement. While some of the capital budget is funded immediately, mainly with Government grants, other elements are not funded initially, leading to the cash flow deficit that requires borrowing.

Managing borrowing is part of the Treasury Management role. To help in its management, the Treasury Strategy identifies the element within the capital budget that is not funded straightaway, to anticipate the Council's borrowing requirement.

However, when the capital budget is underspent, the Council has a lower borrowing requirement than anticipated. This risk is managed in practice because the Council only borrows when there is an actual cash flow shortage. The uncertainty around spend against the capital budget makes cash flow management more difficult. For example, it is less likely that the Council would take advantage of a short-term fall in interest rates, without more certainty around the timing of any borrowing need. Actions that have taken place to manage the risks relating to this uncertainty in the timing of capital spend are: Councillor and Officer challenge sessions on the capital budget; increased scrutiny of the capital forecasts in the quarterly monitoring, and the collection of additional documentation around the critical paths of individual schemes.

Risk: Geopolitical risk - At present invasion of Ukraine by Russia.

The level of uncertainty in the future effect of the conflict on inflation, economic growth, fiscal and monetary policy make it very difficult to accurately assess the impact on investments, capital spend and borrowing for the Council. The scale of impact will depend on how the conflict develops.

Mitigation: Cash investments will now mainly be held short term due to the uncertainties caused by the conflict and we will continue to monitoring interest rates and the effect on borrowing costs and report any changes in the next Treasury report.

8. Legal Appraisal

8.1 Any relevant legal considerations are set out in the report.

9. Other Implications

- 9.1 Equality & Diversity – no direct implications
- 9.2 Sustainability implications – no direct implications
- 9.3 Green house Gas Emissions Impact – no direct implications
- 9.4 Community safety implications – no direct implications
- 9.5 Human Rights Act – no direct implications
- 9.6 Trade Unions – no direct implications
- 9.7 Ward Implications – no direct implications
- 9.8 Implication for Corporate Parenting – no direct implications
- 9.9 Issues arising from Privacy Impact Assessment– no direct implications

10. Not for publications documents

- 10.1 None

11. Options

- 11.1 None

12. Recommendations

- 12.1 That the report be noted and referred to full Council for adoption.

11. Appendices

- Appendix 1 Prudential and Treasury Indicators
- Appendix 2 MRP Policy
- Appendix 3 Economic Background
- Appendix 4 Approved countries for investments
- Appendix 5 Treasury management scheme of delegation
- Appendix 6 The treasury management role of the section 151 officer

Appendix 1

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022-23 – 2025-26

To facilitate the decision making process and support capital investment decisions, the Prudential Code requires the Council to approve and monitor a minimum number of prudential indicators. These indicators are mandatory and cover affordability, prudence, capital expenditure, external debt and treasury management.

The indicators are purely for internal use by the Council and are not intended to be used as comparators between councils. In addition to this in-year indication, the benefit from monitoring arises from following the movement in indicators over time and the year-on-year changes.

Capital expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total	64	162	203	242	145	78

Estimates of Capital Financing Requirement

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Opening Capital Financing Requirement	711	699	755	831	920	956
Increase in borrowing	12	81	103	122	73	38
Less MRP and other financing movements	-24	-25	-27	-33	-37	-41
Closing Capital Financing Requirement	699	755	831	920	956	953

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2021-22	2022-23	2023-24	2024-25	2025-26
	£m	£m	£m	£m	£m
MRP, excluding PFI	20.0	22.8	28.5	32.1	36.1
MRP PFI, finance lease	4.6	4.6	4.6	4.6	4.6
Old West Yorkshire Waste debt	0.2	0.2	0.2	0.2	0.2
Interest on external borrowing	15.9	16.4	17.8	19.3	20.8
Interest on PFI	16.5	15.9	15.3	14.6	14.0
Premium on debt repayment	0.3	0.3	0.3	0.3	0.3
Investment income	-0.3	-0.3	-0.5	-0.5	-0.6
Total Capital Financing Costs	57.2	59.9	66.2	70.6	75.4
Projected Net Revenue Stream	385.4	391.3	407.2	416.8	425.0
Ratio to Net Revenue Stream	14.8%	15.3%	16.3%	16.9%	17.7%
Invest to Save element of Total Capital Financing Costs	5.8	6.8	10.3	12.3	15.8
Invest to Save contribution to Ratio to Net Revenue Stream	1.5%	1.7%	2.5%	2.9%	3.7%

Prudence indicators

- Gross debt and the capital financing requirement

The Prudential Code requires the calculation of the capital financing requirement (CFR). This figure represents the Council's underlying need to borrow for a capital purpose and the change year-on-year will be influenced by the capital expenditure in the year.

In order to ensure that over the medium term gross debt will only be for capital purposes, the Council must ensure that gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. In cases where the CFR is reducing over the period, the Code allows the CFR at its highest point to be used in this calculation.

The Council had no difficulty meeting the previous calculation in 2020-21, nor are any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in this budget report and is shown in the table over.

	2020-21 Actual £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
External Debt						
Debt at 1 April	347.8	336.0	341.0	436.3	536.8	587.0
Expected change in Debt	-11.8	5.0	95.3	100.5	50.2	9.0
Other long-term liabilities (OLTL)	163.0	154.9	147.0	138.5	129.9	121.1
Expected change in OLTL	-8.1	-7.9	-8.5	-8.6	-8.8	-9.9
Actual gross debt at 31 March	490.9	488.0	574.8	666.7	708.1	707.2
The Capital Financing Requirement	698.8	755.0	831.0	920.0	956.0	953.0
Under / (over) borrowing	207.9	267.0	256.2	253.3	247.9	245.8

External debt indicators

Operational boundary

	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total	850	840	930	960	960

Authorised limit

	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
Total	852	860	940	970	970

Actual external debt as at 31st March - this will be reported within the outturn report on treasury management.

Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2022-23		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	50%
5 years to 10 years	0%	50%
10 years to 20 years	0%	90%
20 years to 30 years	20%	90%
30 years to 40 years	20%	90%
40 years to 50 years	20%	90%

Maturity structure of variable interest rate borrowing 2022-23		
	Lower	Upper
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years and over	0%	20%

Upper limit for principle sums invested

Total principal sums invested for periods longer than 365 days – if the Council invests or plans to invest for longer than 365 days it must set an upper limit for each financial year for the maturing of such investments.

£m	2021-22 £m	2022-23 £m	2023-24 £m
Principal sums invested for longer than 365 days	£20m	£20m	£20m

Control of interest rate exposure

Please see paragraphs 3.3, 3.4 and 4.4.

Appendix 2

MRP Policy

1.1 The Local Government Act 2003 requires the Council to make a provision for the repayment of borrowing used to finance its capital expenditure, known as the Minimum Revenue Provision (MRP).

1.2 The MRP is the amount of principal capital repayment that is set aside each year in order to repay the Capital Financing Requirement (CFR) based on the requirement of statutory regulation and the Council's own accounting policies.

1.3 The Council is required to state as part of its budget process the policy for determining its MRP. The method for calculating the MRP on each category of debt is outlined below:

a) The policy for charging MRP on historic supported borrowing is on the asset life method calculated on an equal instalment basis over 50 years.

b) Unsupported or prudential borrowing MRP is based on the Asset Life method – that is, the expenditure financed from borrowing is divided by the expected asset life. For schemes funded before 31st March 2012 the MRP is calculated on the annuity basis and for schemes funded after 1st April 2012 the MRP is calculated on an equal instalment basis. This means no change to existing policy.

c) Since 2009-10 the appropriate financing costs for the Council's Building Schools for the Future (BSF) Private Finance Initiative (PFI) schemes have been included in MRP calculations. In 2018-19 the MRP policy for PFI assets was brought into line with the main MRP Policy and the charge of the principal to the revenue account is now over the life of the school building assets.

d) Asset lives are reviewed on an ongoing basis to match the MRP charge to the Revenue Estimates with the service benefit derived from the asset.

e) Where the Council has made property investments [or an invest to save investment] during or after 2018-19, the Section 151 Officer may choose to repay debt over the asset life using the annuity method. This is subject to an in house valuation that the investment property has retained or increased in value. Further it is subject to the condition that the in-year yield is above the average for Treasury Investments and this is expected to continue into the future.

f) Where capital expenditure involves repayable loans or grants to third parties no MRP is required where the loan or grant is repayable. By exception, on the basis of a business case and risk assessment, this approach may be amended at the discretion of the Director of Finance & IT.

1.4 The CFR represents the amount of capital expenditure that has been financed from borrowing, less any amounts that the Council has set aside to repay that debt through the MRP. Borrowing may come from loans taken from the Public Works Loan Board (PWLB) or commercial banks, finance leases (including PFI) or from the use of the Council's own cash balances.

1.5 External debt can be less than the CFR. External debt cannot exceed the CFR (other than for short term cash flow purposes or cash flow management.)

1.6 There is an International Financial Reporting Standards requirement that assets funded from finance leases (including PFI deals) are brought onto the balance sheet. This also includes the liability as well as the asset. Therefore, the term borrowing does not just include loans from the Public Works Loan Board and banks, but also the liability implicit in PFI and other finance leases. IFRS 16 is due to be implemented from the 1 April 2022 and as a result, more of the Council's leases will be treated as finance leases. Therefore, more of the costs of these leases will be included in capital financing costs for the purposes of calculating the Prudential Indicator.

1.7 The CIP will need to be reviewed through the planning cycle to ensure it remains affordable within revenue resources and to take account of the actual implementation of capital schemes.

1.8 Loans to third parties for a capital purpose can be repaid with the repayments providing the following conditions are met: the capital scheme is self-financing; that there is overall confidence that the loan will be repaid; that the third party adheres to the agreed repayment schedule.

Appendix 3 Economic Background (provided by Link Asset Services)

COVID-19 and vaccines

These were the game changer during 2021 which raised high hopes that life in the UK would be able to largely return to normal in the second half of the year. However, the bursting onto the scene of the Omicron mutation at the end of November, rendered the initial two doses of all vaccines largely ineffective in preventing infection. This dashed such hopes and raised major concerns that a fourth wave of the virus could overwhelm hospitals in early 2022. What we now know is that although this mutation is very fast spreading, it does not cause severe illness in fully vaccinated people. Rather than go for full lockdowns which heavily damage the economy, the government strategy this time focused on getting as many people as possible to have a third (booster) vaccination after three months from the previous last injection., It also placed restrictions on large indoor gatherings and hospitality venues over Christmas and into January and requested workers to work from home. This hit sectors like restaurants, travel, tourism and hotels hard which had already been hit hard during 2021. Economic growth will also have been lower due to people being ill and not working, similar to the pandemic in July. The economy, therefore, faces significant headwinds in early 2022 although some sectors have learned how to cope well with Covid. The big question still remains as to whether any further mutations of this virus could develop which render all current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread until tweaked vaccines become widely available.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- The threat from Omicron was a wild card causing huge national concern at the time of December's MPC meeting; now it is seen as a vanquished foe disappearing in the rear-view mirror.
- The MPC shifted up a gear in February in raising Bank Rate by another 0.25% and narrowly avoiding making it a 0.50% increase by a 5-4 voting margin.
- Our forecast now expects the MPC to deliver another 0.25% increase in March; their position appears to be to go for sharp increases to get the job done and dusted.
- The March increase is likely to be followed by an increase to 1.0% in May and then to 1.25% in November.
- The MPC is currently much more heavily focused on combating inflation than on protecting economic growth.
- However, 54% energy cap cost increases from April, together with 1.25% extra employee national insurance, food inflation around 5% and council tax likely to rise in the region of 5% too - these increases are going to hit lower income families hard despite some limited assistance from the Chancellor to postpone the full impact of rising energy costs.
- Consumers are estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above increases. But most of those holdings are held by more affluent people whereas poorer people already spend nearly all their income before these increases hit and have few financial reserves.
- The increases are already highly disinflationary; inflation will also be on a gradual path down after April so that raises a question as to whether the MPC may shift into protecting economic growth by November, i.e., it is more debatable as to whether they will deliver another increase then.
- The BIG ISSUE – will the current spike in inflation lead to a second-round effect in terms of labour demanding higher wages, (and/or lots of people getting higher wages by changing job)?

- If the labour market remains very tight during 2022, then wage inflation poses a greater threat to overall inflation being higher for longer, and the MPC may then feel it needs to take more action.

PWLB RATES

- The yield curve has flattened out considerably.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate.
- It is difficult to say currently what effect the Bank of England starting to sell gilts will have on gilt yields once Bank Rate rises to 1%: it is likely to act cautiously as it has already started on not refinancing maturing debt. A passive process of not refinancing maturing debt could begin in March when the 4% 2022 gilt matures; the Bank owns £25bn of this issuance. A pure roll-off of the £875bn gilt portfolio by not refinancing bonds as they mature, would see the holdings fall to about £415bn by 2031, which would be about equal to the Bank's pre-pandemic holding. Last August, the Bank said it would not actively sell gilts until the *"Bank Rate had risen to at least 1%"* and, *"depending on economic circumstances at the time."*
- It is possible that Bank Rate will not rise above 1% as the MPC could shift to relying on quantitative tightening (QT) to do the further work of taking steam out of the economy and reducing inflationary pressures.
- Increases in US treasury yields over the next few years could add upside pressure on gilt yields though, more recently, gilts have been much more correlated to movements in bund yields than treasury yields.

MPC MEETING 4TH FEBRUARY 2022

- After the Bank of England became the first major western central bank to put interest rates up in this upswing in December, it has quickly followed up its first 0.15% rise by another 0.25% rise to 0.50%, in the second of what is very likely to be a series of increases during 2022.
- The Monetary Policy Committee voted by a majority of 5-4 to increase Bank Rate by 25bps to 0.5% with the minority preferring to increase Bank Rate by 50bps to 0.75%. The Committee also voted unanimously for the following: -
 - to reduce the £875n stock of UK government bond purchases, financed by the issuance of central bank reserves, by ceasing to reinvest maturing assets.
 - to begin to reduce the £20bn stock of sterling non-financial investment-grade corporate bond purchases by ceasing to reinvest maturing assets and by a programme of corporate bond sales to be completed no earlier than towards the end of 2023.
- The Bank again sharply increased its forecast for inflation – to now reach a peak of 7.25% in April, well above its 2% target.
- The Bank estimated that UK GDP rose by 1.1% in quarter 4 of 2021 but, because of the effect of Omicron, GDP would be flat in quarter 1, but with the economy recovering during February and March. Due to the hit to households' real incomes from higher inflation, it revised down its GDP growth forecast for 2022 from 3.75% to 3.25%.
- The Bank is concerned at how tight the labour market is with vacancies at near record levels and a general shortage of workers - who are in a very favourable position to increase earnings by changing job.
- As in the December 2021 MPC meeting, the MPC was more concerned with combating inflation over the medium term than supporting economic growth in the short term. However, what was notable was the Bank's forecast for inflation: based on the markets' expectations that Bank Rate will rise to 1.50% by mid-2023, it forecast inflation to be only 1.6% in three years' time. In addition, if energy prices beyond the next six months fell as the futures market suggests, the Bank said CPI inflation in three years' time

would be even lower at 1.25%. With calculations of inflation, the key point to keep in mind is that it is the rate of change in prices – not the level – that matters. Accordingly, even if oil and natural gas prices remain flat at their current elevated level, energy's contribution to headline inflation will drop back over the course of this year. That means the current energy contribution to CPI inflation, of 2% to 3%, will gradually fade over the next year.

- So the message to take away from the Bank's forecast is that they do not expect Bank Rate to rise to 1.5% in order to hit their target of CPI inflation of 2%. The immediate issue is with four members having voted for a 0.50% increase in February, it would only take one member more for there to be another 0.25% increase at the March meeting.
- **The MPC's forward guidance on its intended monetary policy** on raising Bank Rate versus selling (quantitative tightening) holdings of bonds is as follows: -
 1. Raising Bank Rate as "the active instrument in most circumstances".
 2. Raising Bank Rate to 0.50% before starting on reducing its holdings.
 3. Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 4. Once Bank Rate had risen to at least 1%, it would start selling its holdings.

OUR FORECASTS

a. Bank Rate

- Covid remains a major potential downside threat as we are most likely to get further mutations. However, their severity and impact could vary widely, depending on vaccine effectiveness and how broadly it is administered.
- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

b. PWLB rates and gilt and treasury yields

Gilt yields. Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. Our forecasts show little overall increase in gilt yields during the forecast period to March 2025 but there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for medium to longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

US treasury yields. During the first part of 2021, US President Biden's, and the Democratic party's, determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid pandemic was what unsettled financial markets. This was in addition to the \$900bn support package previously passed in December 2020. Financial markets were alarmed that all this stimulus was happening at a time when: -

1. A fast vaccination programme roll-out had enabled a rapid opening up of the economy during 2021.

2. The economy was growing strongly during the first half of 2021 although it has weakened during the second half.
3. It started from a position of little spare capacity due to less severe lockdown measures than in many other countries.
4. And the Fed was still providing substantial stimulus through monthly QE purchases during 2021.

It was not much of a surprise that a combination of these factors would eventually cause an excess of demand in the economy which generated strong inflationary pressures. This has eventually been recognised by the Fed at its recent December meeting with an aggressive response to damp inflation down during 2022 and 2023.

- At its 3rd November Fed meeting, the Fed decided to make a start on tapering its \$120bn per month of QE purchases so that they ended next June. However, at its 15th December meeting it doubled the pace of tapering so that they will end all purchases in February. These purchases are currently acting as downward pressure on treasury yields and so it would be expected that treasury yields will rise over the taper period, all other things being equal.
- It also forecast that it expected there would be three rate rises in 2022 of 0.25% from near zero currently, followed by three in 2023 and two in 2024. This would take rates back above 2% to a neutral level for monetary policy. It also gave up on calling the sharp rise in inflation as being 'transitory'.
- At its 26th January meeting, the Fed became even more hawkish following inflation rising sharply even further. It indicated that rates would begin to rise very soon, i.e., it implied at its March meeting it would increase rates and start to run down its holdings of QE purchases. It also appears likely that the Fed could take action to force longer term treasury yields up by prioritising selling holdings of its longer bonds as yields at this end have been stubbornly low despite rising inflation risks. The low level of longer dated yields is a particular concern for the Fed because it is a key channel through which tighter monetary policy is meant to transmit to broader financial conditions, particularly in the US where long rates are a key driver of household and corporate borrowing costs.

There are also possible DOWNSIDE RISKS from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to monitor.

Globally, our views are as follows: -

- **EU.** The ECB joined with the Fed by announcing on 16th December that it will be reducing its QE purchases - by half from October 2022, i.e., it will still be providing significant stimulus via QE purchases during the first half of 2022. The ECB did not change its rate at its 3rd February meeting, but it was clearly shocked by the increase in inflation to 5.1% in January. The President of the ECB, Christine Lagarde, hinted in the press conference after the meeting that the ECB may accelerate monetary tightening before long and she hinted that asset purchases could be reduced more quickly than implied by the previous guidance. She also refused to reaffirm officials' previous assessment that interest rate hikes in 2022 are "very unlikely". It, therefore,

now looks likely that all three major western central banks will be raising rates this year in the face of sharp increases in inflation - which is looking increasingly likely to be stubbornly high and for much longer than the previous oft repeated 'transitory' descriptions implied.

- **China.** The pace of economic growth has now fallen back after the initial surge of recovery from the pandemic and China has been struggling to contain the spread of the Delta variant through using sharp local lockdowns - which depress economic growth. However, with Omicron having now spread to China, and being much more easily transmissible, lockdown strategies may not prove so successful in future. To boost flagging economic growth, The People's Bank of China cut its key interest rate in December 2021.
- **Japan.** 2021 was a patchy year in combating Covid. However, recent business surveys indicate that the economy is rebounding rapidly now that the bulk of the population is fully vaccinated, and new virus cases have plunged. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back towards its target of 2% any time soon.
- **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products, and vice versa. This is likely to reduce world growth rates from those in prior decades.
- **Supply shortages.** The pandemic and extreme weather events, followed by a major surge in demand after lockdowns ended, have been highly disruptive of extended worldwide supply chains. Major queues of ships unable to unload their goods at ports in New York, California and China built up rapidly during quarters 2 and 3 of 2021 but then halved during quarter 4. Such issues have led to a misdistribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. The latest additional disruption has been a shortage of coal in China leading to power cuts focused primarily on producers (rather than consumers), i.e., this will further aggravate shortages in meeting demand for goods. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods available to purchase.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is now to the downside.

Downside risks to current forecasts for UK gilt yields and PwLB rates include: -

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed or unable to be administered fast enough to stop the NHS being overwhelmed.
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **Bank of England** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **The Government** acts too quickly to increase taxes and/or cut expenditure to balance the national budget.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, Iran, China, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows. As Russia has invaded Ukraine, this has caused short term volatility in financial markets, and it is difficult to predict how this will impact the gilt market in the future.

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

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- Longer term US treasury yields rise strongly and pull gilt yields up higher than forecast.
- Geopolitical risks for example in Ukraine could have the effect of increasing yields due to the concern of higher inflation.

Appendix 4

APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P)

Based on lowest available rating

AAA

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

AA+

- Canada
- Finland
- U.S.A.

AA

- France

AA-

- Belgium
- Hong Kong
- Qatar
- **U.K.**

Appendix 5 TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Governance and Audit Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Corporate Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

Appendix 6 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

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

The above list of specific responsibilities of the S151 officer in the 2017 Treasury Management Code has not changed. However, implicit in the changes in both codes, is a major extension of the functions of this role, especially in respect of non-financial investments, (which CIPFA has defined as being part of treasury management). These include:

- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money.
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council.
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing.
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources.
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities.
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees.
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority.
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above.
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;

- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

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