

COUNCIL – 12th APRIL 2018

RECOMMENDATIONS OF THE EXECUTIVE

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77/448-49

REVISED CONTRACT PROCEDURE RULES

The Executive Member for Finance, Councillor T. Schofield, explained Contract Procedure Rules formed an important part of the Council's governance framework. It was noted that they helped to ensure best value, efficiency, transparency, accountability and protected the Council from allegations of impropriety.

Councillor Schofield informed the Executive the Council's Contract Procedure Rules had last been updated in 2016. As a result, it had been necessary to consider revisions due to both an internal review and legislative changes. The following points were noted:

- An internal review of the practical implementation of the rules had highlighted the need to introduce amendments in order to simplify the process.
- In view of rising costs, lower thresholds had become impractical to maintain and had created a cumbersome procurement process.
- Recent legislative amendments to the financial limits in respect of UK and European Union regulations governing procurement.

During the discussion, a number of issues were considered in relation to the procedural rules for procurement, including:

- The process for both seeking a 'waiver', including roles and responsibilities for Heads of Service.
- The process for nominating subcontractors and suppliers.
- The procedural steps of a procurement.
- The use of performance bonds.

In response to questions, Councillor Schofield advised that the report recommended authorisation for any minor administrative and legislative amendments to be undertaken as required in future. The Executive was informed any minor changes would only be introduced in consultation with the Executive Member for Finance, the Chief Finance Officer and Monitoring Officer. It was noted that this authorisation was required in order to ensure compliance and effective operational business management of the Contract Procedure Rules.

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RECOMMENDED that:

- (i) The revised Contract Procedure Rules be approved;**
- (ii) The Monitoring Officer be authorised to amend the Constitution to include the revised Contract Procedure Rules;**
- (iii) The Monitoring Officer be authorised, in consultation with the Executive Member for Finance and the Chief Finance Officer, to undertake any minor amendments to the Contract Procedure Rules as may be necessary to comply with any future legislative requirements;**
- (iv) The Monitoring Officer be authorised, in consultation with the Executive Member for Finance and the Chief Finance Officer, to undertake any minor and administrative amendments to the Contract Procedure Rules as may be necessary to achieve internal practical implementation and compliance.**

Reasons for decision: To ensure legal and administrative compliance.

Alternative options: To reject or request amendments to the Contract Procedure Rules.

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TREASURY MANAGEMENT STRATEGY 2018/19

Councillor T. Schofield, Executive Member for Finance, reported on the current position in relation to the adoption of the proposed Treasury Management Strategy for 2018/19.

The report set out relevant statutory powers, issues (objectives, the current treasury position, matters for consideration and prudential indicators) legal, financial and equalities implications, risk management and other considerations, consultation undertaken and policy framework factors. The report had five Annexes:

- An Investment Strategy
- A Borrowing Strategy
- A Cash Management Strategy
- Risk Management Assessment
- Minutes from the Overview and Scrutiny Committee on 15 February 2018

It was noted that the draft Strategy had been considered by the Executive in January 2018 and reviewed as part of the consultation by the Treasury Management Portfolio Holder Panel and by the Overview and Scrutiny Committee.

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It was emphasised that the 2018/19 Strategy had been prepared at a time of significant changes to the guidance frameworks for Local Authorities, arising in response to the increase in commercial approaches across the sector. The Executive noted that changes to the Prudential Code and the CIPFA Treasury Management Code of Practice had been published in December 2017. Councillor Schofield went on to explain that the Ministry of Housing, Communities and Local Government had published guidance on Investment and Minimum Revenue Provision in January 2018 and there would be a significant accounting standard change to IFRS 9 Financial Instruments in April 2019.

The Executive noted that these changes reflected the increasingly complex business models that were being adopted by Local Authorities in response to reductions in other funding streams. Councillor Schofield informed the Executive that the effective date for implementation of the Prudential Code and the guidance from Government was April 2018. It was recognised that these late publication dates had created practical difficulties and as a result implementation by 2019/20 was considered acceptable. The following points were noted:

- The Treasury Management Strategy for 2018/19 was based on the 2011 guidance and only had a few changes from the 2017/18 document.
- The strategy would be comprehensively reassessed in 2018 in accordance with updates contained within the Prudential Code and the Treasury Management Code produced by CIPFA.

Councillor Schofield concluded by informing the Executive that the Treasury Management Strategy 2018/19 provided a framework for treasury operations in 2018/19 and that this would ensure the Council delivered value for money for residents whilst protecting reserves.

During the discussion, a number of issues were considered in relation to link asset services and the role of asset managers. In addition, the differences between returns on property investments and yields obtained in relation to managed funds were highlighted.

RECOMMENDED that the Treasury Management Strategy for 2018/19 be approved.

RESOLVED that the comments of the Overview and Scrutiny Committee be noted.

Reasons for decision: To adopt a Treasury Management Strategy for the 2018/19 financial period.

Alternative options: To not support the contents of the report or to defer it and ask Officers to provide more information and/or clarification on specific points.

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**OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME
2018/19**

A report was submitted with the proposed 2018/19 work programme for the Overview and Scrutiny Committee. The report set out relevant statutory powers, information on the work programme and how it had been prepared, resource, legal and equalities implications and consultation undertaken. The work programme was appended to the report.

The Leader of the Council, Councillor V.W. Broad informed the Executive that he and the Chief Executive had been consulted during the preparation of the work programme and that it delivered a good range of activities that were achievable and added value to the work of the Council.

It was noted that the Committee had continued to recognise the increased pressures on the Council and had maintained a streamlined approach to its activities to ensure its work programme reflected the Council's priorities.

Councillor Broad concluded by highlighting that Local Government continued to change and that as a result the Council would continue to monitor both its governance and scrutiny arrangements. Councillor Broad advised that any changes to these arrangements would involve input from the Overview and Scrutiny Committee.

RECOMMENDED that the Overview and Scrutiny Committee work programme for 2018/19 be adopted.

Reasons for decision: To agree a work programme for the Overview and Scrutiny Committee for the 2018/19 Municipal Year.

Alternative options: To add to or not adopt the Overview and Scrutiny Committee work programme for 2018/19.