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FINANCE AND RESOURCES INTERVIEW AND SCRUTINY AGENDA

**TUESDAY 14 JANUARY 2025 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

Membership

Councillor Rick Freedman (Chair)
Councillor Graeme Elliot (Vice-
Chairman)
Councillor David Deacon
Councillor Jonathan Gale
Councillor Paul Reynolds
Councillor Garrick Stevens
Councillor Victoria Santamaria

Councillor Gbola Adeleke
Councillor Fiona Guest
Councillor Heather Pound
Councillor Andrew Williams MBE
Councillor Goverdhan Silwal PhD
Councillor Michela Capozzi
Councillor Carole Weston

For further information, please contact Corporate and Democratic Support or 01442 228209

AGENDA

- 1 MINUTES** (Pages 3 - 4)
To confirm the minutes from the previous meeting.
- 2 APOLOGIES FOR ABSENCE**
To receive any apologies for absence
- 3 DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct for Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

4 PUBLIC PARTICIPATION

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

5 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

6 ACTION POINTS FROM THE PREVIOUS MEETING

There are no outstanding action points from the previous meeting.

7 WORK PROGRAMME (Pages 5 - 6)

8 COMMISSIONING & PROCUREMENT STANDING ORDERS REVIEW & UPDATE (PROCUREMENT ACT 2023) (Pages 7 - 33)

9 SCRUTINY REVIEW (Pages 34 - 58)

10 LOCAL GOVERNMENT PROVISIONAL FINANCE SETTLEMENT UPDATE (Pages 59 - 62)

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

4 DECEMBER 2024

Present:

Members:

Councillor Freedman (Chair)	Councillor Reynolds
Councillor Elliot (Vice-Chair)	Councillor Silwal
Councillor Douris	Councillor Stevens
Councillor Gale	Councillor A Williams
Councillor Pound	

Councillor Allen – Portfolio Holder, Corporate and Commercial

Officers:

Catherine Silva Donayre (Strategic Director, Corporate & Commercial)
Aidan Wilkie (Strategic Director, People & Transformation)
Mark Brookes (Assistant Director, Legal & Democratic Services)
Nigel Howcutt (Chief Finance Officer)
Matt Rawdon (Assistant Director, People)
Kelvin Soley (Head of Communications)
Richard Rice (Head of Property Services)
Trudi Angel (Democratic Support Officer)

Following a joint meeting of the OSC's where a presentation on the draft budget proposals for 2025/2026 were given, the Finance & Resources OSC meeting began at 8:14 pm.

1. MINUTES

The minutes of the previous meeting were approved as an accurate record and signed by the Chair.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Adeleke, Deacon, Guest and Santamaria.

Councillor Douris substituted for Councillor Adeleke.

3. DECLARATIONS OF INTEREST

Councillor Douris declared an interest as he is an Independent Director of HITS (Herts Interpreting & Translation Service) which is managed by Community Action Dacorum.

4. PUBLIC PARTICIPATION

There was no public participation.

5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

None.

6. ACTION POINTS FROM THE PREVIOUS MEETING

Members were sent the response to the action point from November's meeting earlier today, therefore there were no outstanding action points to be carried forward.

7. WORK PROGRAMME

There were no changes to the work programme.

8. DRAFT 2025/2026 BUDGET PROPOSALS

N Howcutt, C Silva Donayre and A Wilkie presented Members with an overview of the draft budget strategy and proposals.

Please refer to the video minutes for full discussion.

Outcome

That the committee reviewed and noted the draft budget proposals for 2025/26.

The meeting ended at 9.07 pm.

Clerk: Trudi Angel

Finance and Resources Overview & Scrutiny Committee Work Programme 2024/2025

Meeting Date	Report Deadline	Items	Contact Details	Background information
5 February 2025	27 January 2025	Action Points (from previous meeting)	Democratic Services Trudi.angel@dacorum.gov.uk	
		Joint Budget	Chief Finance Officer Nigel.howcutt@dacorum.gov.uk	To review and scrutinise the draft budget proposals for 25-26
4 March 2025	21 February 2025	Action Points (from previous meeting)	Democratic Services Trudi.angel@dacorum.gov.uk	
		Q3 Corporate & Commercial Performance Reports: <ul style="list-style-type: none"> ○ Finance and Resources ○ Legal and Democratic Services ○ Commercial Development Services ○ GF Property Service 	Strategic Director, Corporate and Commercial Catherine.silvadonayre@dacorum.gov.uk Chief Finance Officer Nigel.howcutt@dacorum.gov.uk Assistant Director, Legal & Democratic Services Mark.brookes@dacorum.gov.uk Head of Commercial Development Ben.Hosier@dacorum.gov.uk Strategic Director, Housing & Property Services Darren.Welsh@dacorum.gov.uk	To review and scrutinise quarterly performance
		Q3 Financial Monitoring Report	Chief Finance Officer Nigel.howcutt@dacorum.gov.uk	To review and scrutinise quarterly performance

	Q3 People and Transformation Performance Report	Strategic Director, People and Transformation Aidan.wilkie@dacorum.gov.uk	<i>To review and scrutinise quarterly performance</i>
	Deep dive report - complaints	Strategic Director, People and Transformation Aidan.wilkie@dacorum.gov.uk	
	Dacorum Borough Council's 2025-2030 Equity, Diversity, Inclusion & Belonging Strategy	Organisational Development Manager Stacie.young@dacorum.gov.uk	



FINANCE & RESOURCES

Overview and Scrutiny Committee

Report for:	Finance & Resources Overview and Scrutiny Committee
Title of report:	Transforming Public Procurement Update & Impact – Procurement Act 2023
Date:	14 January 2025
Report on behalf of:	Councillor William Allen, Portfolio Holder for Corporate & Commercial
Part:	I
If Part II, reason:	N/A
Appendices:	Draft Commissioning & Procurement Standing Orders
Background papers:	
Glossary of acronyms and any other abbreviations used in this report:	CPSOs - Commissioning & Procurement Standing Orders NPPS - National Procurement Policy Statement PA23 - Procurement Act 2023 WTO – World Trade Organisation

Report Author / Responsible Officer

Ben Hosier, Head of Commercial Development

Catherine Silva Donayre, Strategic Director Corporate & Commercial



Ben.hosier@dacorum.gov.uk / 01442 228215 (ext. 2215)

Catherine.SilvaDonayre@dacorum.gov.uk / 01442 228332 (ext. 2232)

Corporate Priorities	<p>Community engagement: Engage with residents and partners to have a real say on our services and the borough.</p> <p>Service improvement and delivery: Running the Council efficiently and putting residents at the heart of everything we do</p> <p>Sustainable future: Take action on the Climate and Ecological Emergency</p> <p>Proud and thriving borough: Realise our potential as a great place to live and work with a thriving business community</p>
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Wards affected	All Wards
Purpose of the report:	<ol style="list-style-type: none"> 1. For the committee to note the updates to the Commissioning & Procurement Standing Orders (CPSOs) as set out below, that will be presented to Cabinet for onward approval by Council: <ul style="list-style-type: none"> • That the content of the proposed CPSOs are separated out so that the principles, objectives, and ambitions remain, but the technical guidance is removed. The CPSOs are redrafted to simplify and improve the strategic governance and operational effectiveness as set out in section 2.3.2 of the main report. • That the ‘Supplementary Instructions’ attributed to the CPSOs, that set out the technical aspects of the commissioning and procurement activities for officer compliance, are drafted as separate documents as set out in section 2.3.3 of the main report. • That any future amendments to the CPSOs will be subject to the amendment protocol as set out in section 2.3.4 of the main report. • That the content of the CPSOs shall be based upon the procurement principles, objectives, and ambitions as set out in section 2.3.5 of the main report. 2. For committee to note that the Constitution will be updated to ensure that the Financial Regulations align with the financial thresholds stated on the CPSOs as set out below, that will be presented to Cabinet for onward approval by Council: <ul style="list-style-type: none"> • Part 8 – Annex 1 Financial Regulations (Annex D Schemes of Delegation) increase value for Head of Service for contract letting from £75k to £99,999 and for Team Leaders from £25k to £29,999, and to increase approvals on Unit 4 for Team Leaders from £25k to £29,999 • Section 5: The acquisition of assets (Regulation E.5) increase value for Head of Service for total asset purchase price from £75k to £99,999 and for Team Leaders from £25k to £29,999 3. For committee to note that the Constitution will be updated as set out below, that will be presented to Cabinet for onward approval by Council

	<ul style="list-style-type: none"> Part 8 – Annex 2 Procurement Standing Orders replace the existing CPSOs with the new updated version that incorporates the changes brought about by the implementation of the PA23.
Recommendation (s) to the decision maker (s):	1. That this Committee reviews and scrutinises the updates to the Commissioning & Procurement Standing Orders and the Constitution and provides support/feedback, to be considered by Cabinet.
Period for post policy/project review:	At least on an annual basis, or when updated national policy of legislation is released

1 Introduction/Background:

- 1.1 Following the United Kingdom’s decision to leave the European Union, the Government announced plans to transform the public procurement regime, aiming to improve the way public procurement is regulated.
- 1.2 Cabinet Office presented a green paper on Transforming Public Procurement to Parliament in December 2020 which began the consultation process.
- 1.3 The consultation culminated with the Government’s new procurement regime which was introduced through the Procurement Act 2023 (PA23). This was laid in parliament in March 2024 to bring elements of the legislation and the wider regime into effect.
- 1.4 The new PA23 regime was established to go live on the 28 Oct 2024 through the introduction of the Procurement Directives 2024, providing a period of 6 months to allow for public sector organisations to implement and prepare for necessary changes.
- 1.5 On 12 September 2024, the Government announced that the proposed ‘go live’ date for the implementation of the PA23 was being delayed until 24 February 2025. It was stated that the main reason for this delay was due to the need to draft a new National Procurement Policy Statement (NPPS), to align with the new Government’s priorities, the current NPPS had been drafted by the previous Government.
- 1.6 This report highlights the key changes that the PA23 will impose, the support that the Cabinet Office have provided the public sector to implement these changes, impact these changes will have on the Council’s procurement governance arrangements.

2 Key Issues:

2.1 Public Procurement Update

2.1.1 The PA23 is designed to overhaul the current public procurement process. It reforms the UK’s public procurement regime to:

- create a simpler and more flexible commercial system.
- open up public procurement to new entrants.
- embed transparency throughout the commercial lifecycle.

2.1.2 These improvements require the Council to:

- Review and update existing procurement strategies & governance arrangements.
- Upskill and re-train staff.
- Improve planning of procurement resources and activities

The Act focuses on simplifying public procurement for public benefit, transparency, scrutiny, and value for money.

- 2.1.3 Cabinet Office have produced 47 written guidance notes to accompany the PA23, most of these have been released throughout the year, with plans for the remaining guidance to be published by January 2025.
- 2.1.4 The written guidance primarily focus on the technical instructions that ensure delivery with updated legislative procedures when undertaking commissioning & procurement activities.
- 2.1.5 The written guidance establishes the different stages of the commercial cycle as being:
- Plan
 - Define
 - Procure
 - Manage

The PA23 applies to each of these stages of the commercial cycle.

- 2.1.6 Specific written guidance focuses on the key principles, application, and ambitions of the PA23, which are more akin to policy and strategy development, it is this guidance that has been used to review the existing procurement governance arrangements – the Commissioning & Procurement Standing Orders (CPSOs).
- 2.1.7 The review of the CPSOs also sought feedback from contracting officers, which identified that several found the current CPSOs are considered long and difficult to read, which has consequences for ongoing compliance.
- 2.1.8 The CPSOs have been updated to align with the new legislation and as part of a wider review of procurement & contract management processes. The proposed CPSOs will now focus on key principles, application, and ambitions rather than the technical instructions for officers. This report sets out below recommendations on how the proposed CPSOs have been updated.
- 2.1.9 The delay with the publication of the last remaining documents of written guidance means that although the technical ‘Supplementary Instructions’ are being developed, they are unable to be completed until all written guidance and templates have been released.

2.2 Commissioning & Procurement Standing Orders

- 2.2.1 The CPSOs have been redrafted to include the relevant aspects of the new legislation with the objective being to simplify them from an officer perspective and to improve the overall governance arrangements.
- 2.2.2 The content of the proposed CPSOs have been significantly reduced by focussing on the key principles, application, and ambitions within the main document, with separate technical ‘Supplementary Instructions’ concentrating on the specific commissioning and procurement procedures that officers will need to comply with.
- 2.2.3 The proposed CPSOs have been simplified as officers will only follow the technical ‘Supplementary Instructions’ that are relevant for the value of their procurement, rather than seeking the relevant instructions amongst all of the technical instructions as is the case in the current CPSOs.
- 2.2.4 The Procurement Team have established an implementation action plan that has focused on updating procurement guidance and preparing the Council for the new legislation. This is built around the following themes:

- Process & Controls
- Roles and responsibilities
- Systems & Technology
- Governance
- Guidance & Templates
- Training
- Communication

2.2.5 Officers within Procurement have worked with colleagues in Legal and Finance to produce the proposed CPSOs and the recommendations in this report. Changes have been reviewed to ensure that they will align with the Constitution, Financial Regs and associated officer guidance. This updated version of the CPSOs will also be presented to Cabinet for approval in January 2025 before being adopted by Council in February 2025.

2.3 Impact on the CPSOs

2.3.1 The new procurement legislation requires the CPSOs to be updated and also provides an opportunity for some changes to be recommended that will make the Council's commissioning and procurement arrangements more efficient and effective. These are set out below.

2.3.2 It has been identified that having the principles, obligations and objectives of public procurement and the technical guidance for all of the commissioning and procurement processes combined in one set of CPSOs has led to officers finding them difficult to follow from a compliance perspective.

Recommendation

That the content of the CPSOs are separated out so that the principles, objectives, and ambitions remain, but the technical guidance is removed.

The CPSOs are redrafted to simplify and improve the strategic governance and operational effectiveness, by focussing on the following areas:

- *Legal Status*
- *Amendments*
- *General Principles in Public Procurement*
- *Application*
- *Setting Aside Standing Orders*
- *General Advice & Guidance*
- *Contract Type & Value*
- *Procurement Forward Plan*
- *Procurement Process & Exceptions*
- *Authorisation Levels*

2.3.3 The current CPSOs include guidance on many different types of commissioning & procurement activities, this has been identified as having caused confusion with officers who undertake these activities infrequently.

Recommendation

To agree that the 'Supplementary Instructions' attributed to the CPSOs, that set out the technical aspects of the commissioning and procurement activities for officer compliance, are drafted as separate documents:

- *Quotations - Contract values up to £29,999*
- *Quotations - Contract values up to £99,999*
- *Tenders - Contract values from £100k up to WTO Thresholds*
- *Tenders - Contract values over WTO Thresholds*

- 2.3.4 To ensure the strategic effectiveness of the CPSOs, it is proposed that the following amendment protocol shall be adopted.

Recommendation

To agree that any future amendments to these CPSOs will be subject to the following amendment protocol:

- *Any major changes to the CPSOs in the future will be presented to Council, after first being presented to Finance & Resources OSC & Cabinet.*
- *Delegated authority is given to the Strategic Director Corporate & Commercial to make minor amendments or corrections to the CPSOs in consultation with the Portfolio Holder Corporate & Commercial Services. Any changes are to be formalised through an Officer Decision Record Sheet.*
- *Delegated Authority is also provided for the Strategic Director Corporate & Commercial to approve the technical 'Supplementary Instructions' and to make any future amendments where they deem this appropriate. Any changes are to be formalised through an Officer Decision Record Sheet*

- 2.3.5 To ensure that the strategic direction of the Council's commissioning and procurement activities align with best practice.

Recommendation

To agree that the content of the CPSOs shall be based upon the procurement principles, objectives, and ambitions of:

- *Procurement Legislation*
- *National Procurement Policy Statement*
- *The Council's Procurement Strategy and relevant sections of the Commercial Strategy*

2.4 Next Steps

- 2.4.1 The project team need to thoroughly review the remaining written guidance (when it has been released) to understand the implications on the Council, including the wider Constitution. A presentation of the technical 'Supplementary Instructions' will be presented to Commercial Board in January (subject to the written guidance being released) and will also include an overview of the officer awareness/training programme that will have been finalised by this stage.
- 2.4.2 A presentation of the proposed CPSOs are planned for Cabinet in January 2025 and for adoption by Council in February 2025. The PA23 will go live on 24 February 2025.

3 Options and alternatives considered

- 3.1 The Council does not have the option of not complying with any new legislation or national policies that arise from the PA23, as this will be the primary public procurement legislation.
- 3.2 The Council could continue with the approach of having the CPSOs updated as a single document, rather than separating out the technical guidance as 'Supplementary Instructions', but this is not recommended as it has been identified that they are more effective and clearer when they are separated out.

4 Consultation

- 4.1 Any changes to procurement process or procedure that arise out of the new legislation has included stakeholder engagement (Cabinet Office Green Paper on Transforming Public Procurement).

- 4.2 Any changes will also include officer awareness training and guidance to be produced, which will help with officer compliance and buy-in.

5 Financial and value for money implications:

- 5.1 It is not yet known whether any of the new duties and responsibilities that arise from the PA23 will have any financial implications for the Council, however it should be noted that officer duties across the Council will need to accommodate an increased emphasis on transparency and contract management; with requirements for public sector bodies to publish more information about procurement decisions and contract performance.
- 5.2 The new legislation emphasises the importance of achieving value for money in all procurement activities. This means considering not only the cost but also the quality and sustainability of the goods, services and works procured.
- 5.3 There is a stronger focus on managing supplier performance, ensuring that suppliers meet their contractual obligations and deliver high-quality outcomes. This includes regular performance reviews and a more structured approach to contract management.
- 5.4 In turn, this could lead to the Council achieving greater value for money and the Council will need to ensure that it has strong contract management practices across its key contracts.

6 Legal Implications

- 6.1 The PA23 will have significant legal implications for the Council and these have been included in the proposed CPSOs and will be included in the technical 'Supplementary Instructions' when they are finalised.
- 6.2 It is very important to ensure that these CPSOs, the Financial Regulations, the Constitution, and any associated documentation i.e. An Officer Guide to Decision Making align to provide a consistent message.

7 Risk implications:

- 7.1 If the remaining written guidance is not released before early January, there is a high risk that the impact of this outstanding guidance may not be included in the report to Cabinet on the update to the Council's CPSOs.

8 Equalities, Community Impact and Human Rights:

- 8.1 Community Impact Assessment reviewed/carried out and annexed - The CIA has not identified any negative impacts.
- 8.2 Human Rights – there are no Human Rights implications arising from this report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

- 9.1 There are no sustainability implications arising from this report.

10 Council infrastructure (including Health and Safety, HR/OD, assets, and other resources)

- 10.1 There is no known impact to the Council's infrastructure arising from this report.

11 Conclusions:

- 11.1 In conclusion, the above report provides assurance on the work that has taken place in relation to preparing the Council for the new procurement legislation:
- 11.1.2 There are a number of recommendations put forward in this report that Finance & Resources OSC are being asked to note and support for when they are presented to Cabinet later in January 2025 and for adoption by Council in February 2025.



**PROPOSED
COMMISSIONING &
PROCUREMENT
STANDING
ORDERS**

2025-2030

COMMISSIONING & PROCUREMENT STANDING ORDERS

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CHANGE CONTROL OF AMENDMENTS

Version	Approval Date	Officer	Approved by	Summary of Changes
V1.0	Nov 2019	Ben Hosier	Cabinet & Council	The Commissioning and Procurement 'Standing Orders' are adopted.
V2.0	Apr 2021	Ben Hosier	Monitoring Officer	Updated following the UK withdrawal from the European Union (Brexit).
V3.0	Apr 2022	Andrew Linden	NA	Amended the appendices to include appendix 11 and 12 as these were not working as embedded documents in Schedule 11.
V4.0		Ben Hosier	Cabinet & Council	Commissioning & Procurement Standing Orders are updated to comply with Procurement Act 2023 and Procurement Regulations 2024 to simplify the 'Standing Orders' to improve effectiveness & governance

COMMISSIONING & PROCUREMENT STANDING ORDERS

Glossary

Cabinet

The Cabinet is the part of the Council which is responsible for making most of the strategic and policy decisions.

Code of Conduct

Code of Conduct to ensure high standards in the way Councillors or employees undertake their duties.

Commercial Board

Nondecision-making board with oversight of commercial & procurement activity at Senior Officer level.

Concession Contracts

A concession contract is remunerated by third parties who are utilising the contract rather than directly by an authority.

Constitution

A document that sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that they are accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

Finance & Resources Overview & Scrutiny Committee

Overview & Scrutiny Committees promote service improvements, influence policy development, and hold the Executive to account for the benefit of the whole community.

Financial Regulations

Financial Regulations provide the framework for managing the financial affairs of the Council. They apply to every Member and employee of the Council and to anyone acting on its behalf. All Members and employees must adhere to them at all times. Financial Regulations form part of the Council's constitution.

Framework Agreement

An agreement or arrangement between one or more procurers and one or more suppliers that establishes the requirement and contract conditions that will apply to future call-offs (contracts) that the procurer(s) may enter into during the period for which the framework agreement is established.

Council

Responsible for setting the policy framework, agreeing the budget, agreeing major strategic policies, and spending plans and making constitutional and other important decisions.

Government Commercial Function

The Government Commercial Function is a cross-government network procuring or supporting the procurement of goods and services for the government.

Local Government Act 1972

An Act of Parliament making provision with respect to local government and the functions of local authorities in England and Wales.

Local Government Transparency Code 2015

*Places more power into citizens' hands to increase democratic accountability to contribute to local decision making process and help shape public services.
Transparency is the foundation of local accountability and gives people the tools and information they need to enable them to play a bigger role in society.*

COMMISSIONING & PROCUREMENT STANDING ORDERS

Monitoring Officer

A Monitoring Officer is the statutory Officer responsible for the legal governance of a local authority in much the same way that a section 151 Officer is responsible for a Council's finances.

National Procurement Policy Statement

A statutory statement which allows the Government to set and communicate the wider policy objectives to which it expects public procurement to contribute.

Officer Decision Record Sheet

A record of a decision that would previously have been taken by a committee/sub-committee but has been delegated to an Officer.

PH/Portfolio Holder/PH Decision

A record of a decision by a Portfolio Holder delegated by the Leader of the Council in relation to their nominated portfolio area, in accordance with the constitution's principles of decision making.

Procurement Act 2023

An Act of Parliament that covers public procurement law in the United Kingdom that will reform the existing procurement rules.

Procurement Regulations 2024

A set of Regulations on public procurement that will bring in the elements of the Procurement Act 2023.

Public Procurement Legislation

Public sector procurement is subject to a legal framework which encourages free and open competition and value for money, in line with internationally and nationally agreed obligations and regulations. As part of its strategy, the government aligns procurement policies with this legal framework, as well as with its wider policy objectives.

Schemes of Delegation

As part of the Constitution, the Council delegates executive functions and decisions, this can be to a committee, Portfolio Holder, or Officer.

SLT

Strategic Leadership Team includes the Chief Executive and the Strategic Directors.

Service Contracts

Where a provider is providing time, effort, and expertise, e.g. cleaning services, consultancy, or advice.

Supplies Contracts

Where goods and supplies are purchased or hired; it also includes energy, water, and fuel.

Works Contracts

Where the carrying out construction or building repairs works or building refurbishments are required.

WTO GPA Thresholds

World Trade Organisation General Procurement Agreement financial levels where covered procurements need to be openly advertised.

COMMISSIONING & PROCUREMENT STANDING ORDERS

SECTION ONE

1. Introduction

- 1.1 These 'Standing Orders' set out how the Council undertakes and authorises expenditure and contracts with other organisations. This ensures that prior to any expenditure being incurred by the Council, there is, (subject to value) a clear identification and consideration of the need, whether the need can be satisfied internally, or if external support is required that results in third part contracts being awarded in a fair, open and transparent way.

The Council operates a devolved commissioning and procurement model, whereby services are responsible for their own commissioning and procurement activities and management of contracts. Central oversight and scrutiny, providing assurance on compliance and value for money is delivered through the Commercial Development team, and oversight of this at Senior Officer level through Commercial Board, and also SLT for significant decisions.

Senior Officers (Heads of Service and above) are accountable for all commissioning and procurement in their respective areas of responsibility. Anyone who buys on behalf of the Council, including staff, contractors, and consultants, are responsible for following these 'Standing Orders' and all relevant policies, guidance, and instructions.

These 'Standing Orders' must be considered along with the Council's Financial Regulations and Schemes of Delegation that form part of the Council's Constitution.

SECTION TWO

2. Legal Status

- 2.1 Public procurement is subject to a legal framework that aligns with internationally and nationally agreed obligations, regulations, and policies. In the United Kingdom, the primary public sector procurement legislation is the Procurement Act 2023 and the Procurement Regulations 2024.
- 2.2 Under this legislation, the Council is described as a 'Contracting Authority.' The term 'Contracting Authority' defines the entities that are covered by this legislation and forms the basis of the UK's international obligations under public procurement.
- 2.3 Under section 135 of the Local Government Act 1972, the Council is required to produce these 'Standing Orders'. These set out how the Council will award third party contracts for the provision of goods, services, or works and include a provision for securing competition for such contracts and for regulating the manner in which tenders are invited.
- 2.4 The Strategic Director Corporate & Commercial Services is responsible for keeping these 'Standing Orders' under review. Any amendments to these 'Standing Orders' must be undertaken as set out in Section 3 below.
- 2.5 The purpose of these 'Standing Orders' is to provide a clear governance framework for Officers and members to follow, to deliver an efficient, effective, and economic outcome when carrying out commissioning and procurement activities on behalf of the Council.

COMMISSIONING & PROCUREMENT STANDING ORDERS

- 2.6 These 'Standing Orders' set out the rules that must be followed by the Council for:
- i. Undertaking any commissioning & procurement activity, which involves the procurement of goods, services, or works and / or,
 - ii. The award of any Concession Contracts.
 - iii. Setting up any Framework Agreement.
- 2.7 Officers carrying out commissioning and procurement activities on behalf of the Council must certify, at the time of any such activities, that they have read and understood the latest version of the "Standing Orders", this self-certification will be included in the quotation/tender requisition form for all notifiable activities above £30k.
- 2.8 Failure to comply with these 'Standing Orders' is in direct contravention of the 'Council's Constitution' and is, therefore, a disciplinary offence that may be classed as gross misconduct or breach of contract.
- 2.9 These 'Standing Orders' are complemented by technical 'Supplementary Instructions' that provide clear and simple processes to follow when undertaking commissioning and procurement activities. The technical 'Supplementary Instructions' must be adhered to unless otherwise approved in writing by the Head of Commercial Development.

SECTION THREE

3. Amendments

- 3.1 These 'Standing Orders' shall be subject to the following amendment protocol:
- 3.1.1 'Standing Orders'
- Council shall be responsible for the approval of any major amendments to these 'Standing Orders.'
 - The Strategic Director Corporate & Commercial Services in consultation with the Portfolio Holder will approve minor amendments or corrections where they are satisfied that it is appropriate to do so. These amendments will be formalised through an Officer Decision Record Sheet process.
- 3.1.2 Technical 'Supplementary Instructions'
- The Strategic Director Corporate & Commercial Services will approve amendments to the technical 'Supplementary Instructions' where they are satisfied that it is appropriate to do so. These amendments will be formalised through an Officer Decision Record Sheet process.

SECTION FOUR

4. General Principles in Public Procurement

- 4.1 These 'Standing Orders' support the procurement principles, objectives, and ambitions of:
- A. Public Procurement Legislation
 - I. delivering value for money
 - II. maximising public benefit
 - III. sharing information for the purpose of allowing suppliers and others to understand the authority's procurement policies and decisions
 - IV. acting, and being seen to act, with integrity.

COMMISSIONING & PROCUREMENT STANDING ORDERS

- B. National Procurement Policy Statement
- I. value for money
 - II. social value
 - III. small and medium-sized enterprises
 - IV. commercial and procurement delivery; and
 - V. skills and capability for procurement
- C. The Council's procurement strategy and relevant sections of the commercial strategy.
- Achieving 'community benefits' by creating social value to enable delivery of excellence in services to our communities
 - Demonstrating 'leadership' by being transparent, accountable, trustworthy, and delivering high standards of equality and inclusiveness
 - Obtaining relevant 'insight and intelligence' to identify and commission the right outputs/outcomes.
 - Behaving 'commercially' through reviewing service delivery models (e.g. outsourced, shared service) to be the most efficient, effective, and economical
 - Delivering 'early intervention' to prevent costs escalating or arising in the first place
 - Effective management of contracts through regular review and proactive management of supplier performance, maximizing value for money and mitigating risk?

Commented [BH1]: To be confirmed once the new NPPS has been updated and published which is due in Feb 2025

SECTION FIVE

5. Application

5.1 These 'Standing Orders' apply to the commissioning and procuring in all of the following areas, regardless whether it is funded from revenue or capital expenditure:

- a. Supplies Contracts
- b. Service Contracts
- c. Works Contracts
- d. Concession Contracts
- e. Framework Agreements

5.2 'Standing Orders' do not apply to:

- f. Grants – including strategic partners, annual grants and disabled facility grants etc.
- g. Employment contracts (e.g. the Council's own staff)
- h. Contracts relating to the purchase or sale of land.
- i. Appointment of legal counsel and the appointment of expert witnesses' in legal proceedings
- j. Financial services such as obtaining a loan.
- k. Vertical contract arrangements (previously referred to as Teckal), but only if specific control and activities tests are met (refer to Procurement Act 2023 Schedule 2)
- l. Horizontal contract arrangements (previously referred to as Hamburg), but only if specific control tests are met (refer to Procurement Act 2023 Schedule 2)

COMMISSIONING & PROCUREMENT STANDING ORDERS

SECTION SIX

6. Exceptions to 'Standing Orders'

- 6.1 These 'Standing Orders' will always apply unless an approval is granted to set them aside. Details of how to set these 'Standing Orders' aside are set out below.
- 6.2 Setting aside the requirement to comply with these 'Standing Orders' may only be made by Council, the Cabinet, or the appropriate Cabinet Portfolio Holder responsible for the service affected by the contract and then only subject to the following requirements:
- i. The special circumstances requiring the setting aside of these 'Standing Orders' must first be reported to the Commercial Board together with a detailed justification for the proposed action, and
 - ii. The special circumstances justifying the reason to set aside these 'Standing Orders' must be noted and recorded along with the decision in the Council or Cabinet minutes or PH decision record.
 - iii. All instances and reason for setting aside these 'Standing Orders' will be reported to the Finance & Resources Overview & Scrutiny Committee on a quarterly basis.
- 6.3 In the event that there is a requirement to set aside these 'Standing Orders,' advice should be sought from the Head of Commercial Development as to how to proceed.
- 6.4 The setting aside of these 'Standing Orders' shall not be permitted if the contract value breaches the financial thresholds as stated in the Procurement Act 2023 or as subsequently published. If a situation arises where a contract award would result in the Council breaching the financial thresholds you must immediately contact the Head of Commercial Development to discuss available options.

SECTION SEVEN


7. General Advice and Guidance

- 7.1 Following these 'Standing Orders' and technical 'Supplementary Instructions' is the best defence against allegations that any commissioning and procurement activity has been concluded incorrectly or fraudulently. Officers and members undertaking commissioning and procurement activities must comply with these 'Standing Orders' and the technical 'Supplementary Instructions,' which set out the minimum requirements.
- 7.2 The technical 'Supplementary Instructions' provide separate detailed procedures that must be complied with for the following commissioning and procurement activities and values:
- Quotations - Contract values up to £29,999
 - Quotations - Contract values up to £99,999
 - Tenders - Contract values from £100k up to WTO GPA Thresholds¹
 - Tenders - Contract values over WTO GPA Thresholds¹

¹World Trade Organisation Government Procurement Agreement currently Supplies & Services £214,904 (including Vat), Works & Concessions £5,372,609 (including Vat)

COMMISSIONING & PROCUREMENT STANDING ORDERS

7.3 The technical 'Supplementary Instructions' have been designed around the approach to commissioning and procurement that has been set out by the Government Commercial Function, in that it identifies 4 separate segments of the journey:

- Plan
 - Define
 - Procure
 - Manage
- 
- Commissioning
- Quotation/Tender
- Contract Delivery

7.4 Before commencing any commissioning and procurement activity, and in the interests of good governance, Officers and members should:

- 7.4.1 Check to ensure that you have the necessary authority to commence the commissioning and procurement activity.
- 7.4.2 Check with the budget holder that there is a budgetary provision or an approved supplementary estimate in place.
- 7.4.3 Check with the procurement service whether there is an existing contract in place, which should be used.
- 7.4.4 Declare any personal, direct, or indirect, financial interests in any commissioning and procurement activity, failure to do so is in direct contravention of the 'Council's Constitution' and is, therefore, a disciplinary offence that could be classed as gross misconduct and could lead to a criminal conviction.
- 7.4.5 A Contracting Authority must take all reasonable steps to identify and keep under review any conflict of interest or potential conflict of interest in relation to a procurement. This information should be documented in a conflicts assessment, which must include details of any actual or potential conflicts of interest the Contracting Authority has identified and any steps that the Contracting Authority has taken to mitigate such conflicts. A Contracting Authority must keep any conflict assessment under review, revise such assessments as necessary and when publishing any notices, confirm that a conflicts assessment has been prepared and revised.

7.5 All Council members and Officers must act in an ethical and professional manner whilst undertaking any commissioning and procurement activity

7.6 Members and Officers must seek to uphold and enhance the reputation of the Council by complying with the relevant 'code of conduct'.

- 7.6.1 Officers must comply with the Council's 'Code of Conduct for employees'. This can be found in the employment handbook under section 12 – conduct – code of conduct for employees.
- 7.6.2 Council members must comply with the Council's 'Code of Conduct for Councillors'. This can be found in the Constitution under Part 5 codes and protocols.
- 7.6.3 Maintaining a high standard of integrity in all business and commercial relationships both inside and outside the Council.
- 7.6.4 Maintaining high professional standards by promoting equal treatment, openness and transparency in all commissioning and procurement activity.

COMMISSIONING & PROCUREMENT STANDING ORDERS

- 7.6.5 Rejecting any business practice, which might appear improper to a reasonable observer, e.g. where offers of gifts or hospitality could give the appearance of trying to obtain influence or favour. Any offer whether accepted or not must be declared to your manager.
- 7.6.6 Taking advice from your manager, any Officer from the relevant procurement team and/or the Monitoring Officer when in doubt.
- 7.6.7 Declaring any personal and/or financial interest and/or conflict of interests using the relevant forms in the 'code of conduct' documentation.
- 7.6.8 Maintaining the confidentiality of information with respect to any quotation or tender submissions.
- 7.6.9 Ensuring any information given by Officers or members in the course of their duties should be true, accurate and fair and never designed to mislead.
- 7.6.10 Bearing in mind the advantages of maintaining a continuing relationship with suppliers, contractors and consultants, members and Officers should avoid any arrangement which might, in the long term, prevent the effective operation of fair competition.

7.7 What is a contract?

- 7.7.1 Contracts are legally binding agreements and, in English law, to be binding, contracts need not be in writing (except for contracts for the sale or lease of land). A contract is made when one person offers to undertake or supply something to another person and that offer is accepted unconditionally by the person to whom the offer was made, who in turn, supplies value (which can be money or money's worth).
- 7.7.2 Contracts may be concluded in writing, by word of mouth, over the telephone, or even by performance. For example, the purchase of a newspaper from a shop, even if unaccompanied by a single spoken word, will constitute a legally binding contract from which legal obligations follow (e.g. to deliver the paper, to pay for it).
- 7.7.3 It is not the purpose of the technical 'Supplementary Instructions' to give a definitive guide on UK contract law. The user of the technical 'Supplementary Instructions' should, however, be aware that in any commercial dealings with a supplier, contractor, or consultant, his or her actions might be deemed in law to have constituted a fully binding legal contract on behalf of the Council. In any case, of doubt, advice should be taken from the Head of Commercial Development or Head of Commercial Housing Contracts.
- 7.7.4 Officers and members should ensure in all commissioning and procurement activities that the following matters have been complied with:
 - 7.7.4.1 The general UK law and, in particular, the provisions of the Procurement Act 2023 and the Procurement Regulations 2024. Where the provisions of legislation conflict, the legislation will always take following precedence.
 - 7.7.4.2 The Procurement Regulations 2024
 - 7.7.4.3 The Council's Financial Regulations
 - 7.7.4.4 These 'Standing Orders'
- 7.7.5 Local Government Transparency Code 2015. The Council has to publish details of any contract, commissioned activity, purchase orders, frameworks, or any other legally enforceable agreement for values over £5,000.

COMMISSIONING & PROCUREMENT STANDING ORDERS

SECTION EIGHT

8. Determining the Type of Contract and its Value

8.1 It is important to determine between the following classifications of contract before you proceed:

8.1.1 "Supply" contracts are where goods and supplies are purchased or hired; it also includes energy, water, and fuel.

8.1.2 "Service" contracts are where the service provider is providing time, effort, and expertise. Service contracts, e.g. cleaning services, consultancy, fees, or advice.

8.1.3 "Works" contracts are contracts for the carrying out construction or building repairs works or building refurbishments.

8.2 Different thresholds apply to goods, services and works contracts. Where a contract contains a mixture of these elements (a mixed contract), a Contracting Authority will need to determine which threshold to apply and whether a mixed contract should have those elements separated into different contracts. If the contract is separated out, thresholds can be calculated separately for each separate contract (each of which will only fall within one such type).

If a mixed contract can reasonably be separated out, but a Contracting Authority chooses not to do so, the mixed contract will, where one element is above its corresponding threshold, be treated as above-threshold.

Further guidance and advice is available from the relevant procurement service with regard to the classification of supplies, services and works.

8.2 Calculating the Value of a Contract

8.3 Rules on estimating contract values are necessary as a result of there being different thresholds (and consequently different obligations on contracting authorities) for different types of contract.

8.4 A Contracting Authority must estimate the value of a contract as the maximum amount it could expect to pay under the contract:

8.4.1 The estimated aggregate value of a series of contracts or a renewable contract is entered into for supplies, services and/or works of a similar type, this must take into account both the annual value as well as the number of years it will operate for:

By way of example, a three-year contract to supply financial advice at **£50,000** per year will have an aggregated value of **£150,000**.

Whereas a three-year contract with the option to extend for a further two-years to supply financial advice at **£50,000** per year, will have an aggregated value of **£250,000**.

8.5 There shall be no artificial splitting of a contract to avoid the application of the provisions of the Procurement Regulations and/or these 'Standing Orders' or the technical 'Supplementary Instructions.'

COMMISSIONING & PROCUREMENT STANDING ORDERS

SECTION NINE

9. Procurement Forward Plan

9.1 Forward Plan

The Procurement Forward Plan is a document that details all potential commissioning and procurement activity over a 5-year rolling period, in essence it is a pipeline of all procurement activities that may arise over a time period.

9.2 The purpose of the plan is to:

- 9.2.1 Allow the Council to sufficiently plan and carry out all commissioning processes prior to carrying out any tendering activity.
- 9.2.2 Allow the Council to ensure there is sufficient skills and resources available when carrying out tendering exercises.
- 9.2.3 To raise awareness of Council opportunities for the market to have ample time to prepare.
- 9.2.4 Enable the Council to optimise value for money through its commissioning and procurement activity.

9.3 To identify upcoming commissioning and procurement activities for inclusion on the Procurement Forward Plan, the Commercial Development team will analyse the Council's 'corporate contract register' and 'capital programme.' It is critical that the 'corporate contracts register' is kept up to date and Officers must ensure that they inform the Commercial Development team every time a contract is awarded above £5k.

9.4 Timescales

- 9.4.1 The Procurement Forward Plan utilises pre-determined timescales (based on the value and complexity of the project) to build a programme of work that allows for sufficient time to plan and undertake the commissioning stage, the tendering stage, and the contract award approval process in time for a new contract to be mobilised in time for the contract commencement date.

9.5 Procurement Pipeline

- 9.5.1 Contracting authorities to provide the market with information about current and future public contract opportunities by publishing a forward-looking procurement pipeline. The Procurement Act 2023 requires in certain instances the publication of pipeline notices.

- Where a Contracting Authority expects to spend more than £100M per year on its entire third party expenditure, then they must publish a procurement pipeline notice.
- This pipeline notice must include specific details of all contracts that have a total value of £2M or above.

- 9.5.2 The pipeline notice must be published within 56 days of the first day of the relevant financial year. Although not all contracting authorities will be required to publish pipeline notices they may choose to publish them voluntarily in support of transparency and good procurement planning.

COMMISSIONING & PROCUREMENT STANDING ORDERS

9.5.3 This is of particular benefit to small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) as it provides them with time to plan for future work, ensuring a competitive and diverse market.

9.5.4 It has been agreed that the Council may choose to publish a procurement pipeline notice each year, even though they do not have to comply with this part of the Procurement Act 2023 requirement. The Council believes that this may represent good procurement planning and that early identification of these opportunities will be beneficial for local SMEs and VCSEs. The value of the contracts to be included in the procurement pipeline are set out in the technical 'Supplementary Instructions.'

SECTION TEN

10. Quotation Table – Contract Values up to and including £99,999

10.1 For contract values and purchases up to and including £99,999, quotations should be obtained in accordance with the table below:

Value	Requirements	Approval Process
Up to and including £29,999	<ul style="list-style-type: none"> Please refer to technical 'Supplementary Instructions' for quotations up to £29,999 	<ul style="list-style-type: none"> Team Leader/Manager or above, is under a duty to seek value for money and take up quotations as appropriate for the supplies, services or works to be delivered. Team Leader/Manager or above must approve the award of contract by raising a requisition on the Unit 4 finance system. Team Leader/Manager must send through details of any contract award above £5k to the Commercial Development team for entry on the corporate contracts register.

COMMISSIONING & PROCUREMENT STANDING ORDERS

<p>From £30,000 up to and including £99,999</p>	<ul style="list-style-type: none"> ▪ Please refer to technical 'Supplementary Instructions' for quotations up to £99,999 	<ul style="list-style-type: none"> ▪ Head of Service or above, is under a duty to seek value for money and take up quotations as appropriate for the supplies, services or works to be delivered. ▪ Head of Service or above to approve award of contract by signing contract award certificate through the Commercial Development team. ▪ A requisition/purchase order must be raised through the Unit 4 finance system for the services, supplies or works. ▪ Head of Service must send through details of any contract award above £5k to the Commercial Development team for entry on the corporate contracts register.
<p>Framework Agreement contracts Up to £99,999</p>	<ul style="list-style-type: none"> ▪ As a rule, framework contracts normally require an additional tendering process - even for lower values. You must contact the Commercial Development team for advice before calling off a contract from Framework Agreement 	<ul style="list-style-type: none"> ▪ Approval process to be the same as set out for values above (quotations)

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10.2 Exceptions to Quotations

10.2.1 Prior authorisation from a member of the Commercial Development team is required to award a contract (up to and including £99,999) without undertaking any quotation process and only when one of the following situations apply:

10.2.1.1 A Framework Agreement that has already been awarded by other public sector bodies can be used by the Council provided that:

- the contract has been awarded to a single supplier, or;
- where there are multiple suppliers, a direct award is permitted by terms and conditions of contract; and the rules for a direct award have been complied with; and
- Use of the Framework Agreement has been approved by an Officer from the Commercial Development team.

10.2.2 Urgent supplies, services or works as necessary for the protection of life or property or to maintain the functioning of a public service for which the Council is responsible (or if there are a number of public service implications that also include any responsibility of Hertfordshire County Council).

10.2.3 Supplies, services, or works for the repair or enhancement of existing proprietary machinery, plant, equipment, software, and maintenance of any of these where there is no other reasonable alternative supplier.

10.2.4 The Head of Commercial Development or Head of Commercial Housing Contracts can approve an exception to obtaining quotations providing that a genuine justification be given.

10.2.5 In all of the above instances, the approval process set out in the table in Section 10 must be followed.

10.2.6 Delegated authority exists under the Constitution from Cabinet to the Chief Executive to approve funding for interim resource to deliver corporate priorities subject to a budget being approved in accordance with the Council’s Financial Regulations and to report all expenditure and funding on a six-monthly basis to the relevant Cabinet Portfolio holder on the use made of this power.

COMMISSIONING & PROCUREMENT 'Standing Orders'

SECTION ELEVEN

11.1 Tendering Table for Contract Values of £100,000 and above

Value	Requirements	Process
Supplies, Services or Works From £100,000 up to WTO GPA Threshold	<ul style="list-style-type: none"> Please refer to technical 'Supplementary Instructions' for tenders from £100,000 to the appropriate WTO GPA Threshold 	<ul style="list-style-type: none"> Assistant Director to approve award of contracts up to and including £250,000 by drafting an Officer Decision Record Sheet to approve award of contract. Strategic Director to approve contract award up to £500,000 by drafting Officer Decision Record Sheet. All contract values above £500,000 will require a PH Decision (unless delegated authority has been given by Cabinet or via a PH Decision). Requisition/purchase order must be raised through the Unit 4 finance system. Procurer must send through details of any contract award above £5k to the Commercial Development team for entry on the corporate contracts register.
WTO GPA Threshold and above	<ul style="list-style-type: none"> Please refer to technical 'Supplementary Instructions' for tenders from the appropriate WTO GPA Threshold and above 	<ul style="list-style-type: none"> Assistant Director to approve award of contracts up to and including £250,000 by drafting an Officer Decision Record Sheet to approve award of contract. Strategic Director to approve award of contract up to £500,000 by signing a contract award certificate. All contract values above £500,000 will require a PH Decision (unless delegated authority has been given by Cabinet or via a PH Decision). A purchase order must be raised through the Unit 4 finance system for the services, supplies or works. Procurer must send through details of any contract award above £5k to the Commercial Development team for entry on the corporate contracts register.
Framework Agreement contracts £100,000 & above WTO GPA Threshold	<ul style="list-style-type: none"> Please refer to technical 'Supplementary Instructions' for tenders from £100,000 to above WTO GPA Threshold 	<ul style="list-style-type: none"> Approval process to be same as set out for values above (tenders)
Collaborative Procurements	<ul style="list-style-type: none"> Approval to collaborate on procurements to be approved by any Officer of the Commercial Development team. Tenders must be advertised in accordance with the rules of the lead authority. Details of contracts must be entered on to the contract register of the lead authority. 	<ul style="list-style-type: none"> Approval process for each authority to be as per the rules for that authority.

COMMISSIONING & PROCUREMENT 'Standing Orders'

11.2 TENDERING EXCEPTIONS

11.2.1 These tendering exceptions do not apply to contract values of WTO GPA threshold and above unless it is specifically stated. A contract award certificate, or Officer Decision Record Sheet or Portfolio Holder Record (depending on contract value) will need to be produced for any contract awarded using a tendering exception.

11.2.1.1 If the value of the contract is above the threshold for presenting to Commercial Board, then a request to use these exceptions must be presented to Commercial Board.

11.2.1.2 If the value of the contract is below the threshold for presenting to Commercial Board then a request to use these exceptions must be made to a member of the Commercial Development team.

11.2.2 Framework agreements that have already been awarded by other public sector bodies can be used by the Council provided such use is permitted by that Contract's terms and conditions and subject to the approval of any Officer from the Commercial Development team. Provided that the tendering of the framework has complied with the Procurement Regulations 2024, then this exception can be used for values over the WTO GPA threshold.

11.3 Tenders may also be dispensed with where the proposed contract genuinely falls within one of the following exceptions:

11.3.1 All contracts up to the value of £99,999 in respect of supplies, services, or works should be awarded following receipt of a quotation(s). Quotations must comply with relevant sections of these 'Standing Orders' and the technical 'Supplementary Instructions.' In any event, the placing of a purchase order must be carried out in accordance with the Council's Financial Regulations.

11.3.2 Urgent supplies, services or works as necessary for the protection of life or property or to maintain the functioning of a public service for which the Council is responsible (or if there are a number of public service implications that also include any responsibility of Hertfordshire County Council). A record of the supplies, services or works together with the nature of the urgency must be passed to Commercial Board if above the threshold for presenting to them, or if below this threshold, then the Commercial Development team within five working days of the decision being taken.

11.3.3 Where supplies, services or works are available from Hertfordshire County Council or other public sector authorities under collaborative procurement arrangements. Provided that the tendering of the arrangement has complied with the Procurement Regulations 2024 then this exception can be used for values over the WTO GPA threshold

11.3.4 Supplies, services, or works for:

- Repair or enhancement of existing proprietary machinery, plant, or equipment;
- Software maintenance;
- Supplies, services, or works from government departments, government owned companies, public sector organisations and non-departmental public bodies (or similar organisations -this is not an exhaustive list);
- Where there is no other reasonable alternative supplier.

COMMISSIONING & PROCUREMENT 'Standing Orders'

- 11.4 Cabinet Portfolio Holder approval (or Officer approval if there is a delegated authority in place) has been obtained to extend an existing contract (subject to the existing Contract being capable and compliant of such an extension). If the original contract was tendered in accordance with Procurement Regulations 2024, then this exception can be used for values over the WTO GPA threshold.
- 11.5 Delegated authority exists under the Constitution from Cabinet to the Chief Executive to approve funding for interim resource to deliver corporate priorities subject to a budget being approved in accordance with the Council's Financial Regulations and to report all expenditure and funding on a six-monthly basis to the relevant Cabinet Portfolio holder on the use made of this power.

COMMISSIONING & PROCUREMENT ‘Standing Orders’

SECTION TWELVE

12.1 Who has the Authority to Award a Contract

12.1.1 The formal Contracting Decision to award a contract will be based upon the following circumstances:

Decision Maker	Authority	Process
An Officer Up to £500,000	<ul style="list-style-type: none"> A written delegated authority exists under the Council's Constitution to all Team Leaders/Managers for contracts up to and including £29,999, Heads of Service for contracts up to and including £99,999, all Assistant Directors for contracts up to and including £250,000 and all Strategic Directors for contracts up to and including £500,000. Other delegated authority for specific supplies, services or works for other values may be listed within the Council's Financial Regulations under the 'Scheme of Delegation' - schedules 2 & 3 or by delegated authority granted by Cabinet or Portfolio Holder. 	<ul style="list-style-type: none"> Authority already exists in the Constitution for awarding contracts up to and including £29,999, a requisition/purchase order must be raised on Unit 4. Team Leader/Manager must send through details of any contract award above £5k to the Commercial Development team for entry on the corporate contracts register. Where delegated authority exists, the Officer must inform the Commercial Development team of the contract award and the Commercial Development team will prepare a written contract award certificate (between £30,000 and up to £99,999) Assistant Director to approve award of contracts up to and including £250,000 and Strategic Director for contracts valued between £250k - £500k. In both of these instances, the Officer will need to draft an Officer Decision Record Sheet with the Procurement Report and send to the Section 151 Officer and the Monitoring Officer for comments. Once statutory comments have been received, and the Officer Decision Record Sheet has been published on Modern Gov, the Officer must inform the commercial development service for entry on the corporate contracts register.
Delegated decisions to specific Officers	<ul style="list-style-type: none"> Where Cabinet has delegated a specific decision to a particular Officer for determination 	<ul style="list-style-type: none"> Where a particular Officer e.g. an Assistant Director has a decision delegated to them in the Council's Constitution, that Officer can submit an Officer Decision Record Sheet for values above £500,000.
Portfolio Holder Above £500,000	<ul style="list-style-type: none"> The Council's scheme of delegation enables Portfolio Holders to award contracts above £500,000 in value in relation to their Portfolio. Where Cabinet has delegated a specific decision to a Portfolio Holder for determination 	<ul style="list-style-type: none"> A Portfolio Holder decision will be required in accordance with the Council's Constitution. The client department must prepare a Portfolio Holder Decision Record Sheet which must be submitted to together with the procurement report to 'Statutory Officers' for the Section 151 Officer and the Monitoring Officer comments; The Commercial Development team will prepare a procurement report detailing the procurement & tender process, the reason to award the contract and any relevant implications. The PH Decision process includes an internal approval process before the public consultation – 28 days. Allow a minimum of 6 weeks' extra time in your tender timescales for this process.

COMMISSIONING & PROCUREMENT ‘Standing Orders’

Decision Maker	Authority	Process
Cabinet	<ul style="list-style-type: none"> The Council’s Constitution deems that the decision is a “key decision” and, therefore, it should be taken by the Cabinet. 	<ul style="list-style-type: none"> A resolution of Cabinet <p>NB – It is anticipated that high risk or high impact contracts will be considered by Cabinet where there is a crosscutting benefit and/or implication of the award of the contract that could affect more than one portfolio.</p>
Council	<ul style="list-style-type: none"> The Council’s Constitution reserves the power to Council. 	<ul style="list-style-type: none"> A resolution of Council <p>NB – Council is only likely to be required to approve to award contracts where there are far- reaching benefits and/or implications to making a decision (e.g. redevelopment agreements etc.)</p>

12.2 In accordance with the Council’s Constitution, where there is any doubt as to who the appropriate decision maker is, then advice should be sought from an Officer from the Commercial Development team.

12.3 For more information concerning the Council’s decision making process, you are strongly advised to click on the following link
<https://dacorumgovuk.sharepoint.com/sites/dennis/Shared%20Documents/Forms/AllItems.aspx?csf=1&web=1&e=4rnOhS&cid=22829485%2Dd91b%2D453c%2D8e25%2Da734dc326da3&FolderCTID=0x01200049F63486B5248545A4AA4E2D489A377D&id=%2Fsites%2Fden nis%2FShared%20Documents%2FCouncil%20and%20Democracy%2FDecision%20Making%2FOfficer%20Guide%20to%20Decision%20Making%20at%20Dacorum%20%28Final%20Jul24%29%2Epdf&parent=%2Fsites%2Fdennis%2FShared%20Documents%2FCouncil %20and%20Democracy%2FDecision%20Making>

SECTION THIRTEEN

13.1 Officers should read and familiarise themselves with the technical ‘Supplementary Instructions’ before commencing with any commissioning or procurement activity. These can be found on the Commissioning & Procurement Hub on SharePoint.



FINANCE AND RESOURCES

Overview and Scrutiny Committee

Report for:	Finance and Resource Overview and Scrutiny Committee
Title of report:	Scrutiny: Recommendations following the Review of Scrutiny by the Centre for Governance and Scrutiny
Date:	14th January 2025
Report on behalf of:	Councillor William Allen, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Review report from the Centre for Governance and Scrutiny (CfGS) (appendix 1) Scrutiny Scoring Criteria (appendix 2) Committee Timetable for 2025/26 (Appendix 3)
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	Centre for Governance and Scrutiny (CfGS)

Report Author / Responsible Officer

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Corporate Priorities	<p>Community engagement: Engage with residents and partners to have a real say on our services and the borough.</p> <p>Service improvement and delivery: Running the Council efficiently and putting residents at the heart of everything we do.</p> <p>Sustainable future: Take action on the Climate and Ecological Emergency</p>
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Wards affected	ALL
Purpose of the report:	For committee to consider the recommendations for the future operation of the scrutiny function and alignment of Cabinet and Council meetings.
Recommendation (s) to the decision maker (s):	(1) That committee considers and agrees the action plan supporting each recommendation in the report. (2) That committee notes the proposed revised committee timetable (Appendix 3)
Period for post policy/project review:	The changes proposed in this report will be kept under continuous review and reported to Cabinet and Council if further changes are required.

1. Background

- 1.1 In the autumn of 2023, the Council commissioned the Centre for Governance and Scrutiny (CfGS) to undertake a review of the Council's scrutiny function. The review took place between October and December last year and resulted in the report and recommendations attached as Appendix 1. The review was largely positive about how Scrutiny is carried out at the Council, recognising a good level of engagement and a willingness for the scrutiny function to develop and evolve. The report puts forward suggestions for change so that the function can become more productive and effective.
- 1.2 The reports sets out the recommendations from CfGS in bold in section 2 below and an action plan has been drafted, by the author of this report, to propose how the Council can put the recommendations into best effect.
- 1.3 In summary, the review did not suggest that the current model of three scrutiny committees is changed, but that those committees focus on thematic work rather than dive into more operational/performance detail, achieved by an annual plan for each committee.
- 1.4 It is proposed that Scrutiny committee meetings will be tied into the programme of Cabinet and Council meetings and reduced to five Scrutiny meetings a year for each committee plus the Scrutiny budget meeting in December with an optional second meeting in January or February if there are any material changes to the budget presented in December.
- 1.5 It is proposed to realign the timetable for Cabinet and Council to follow the scrutiny cycle and reduce the number of Cabinet meetings from 11 to 5. Provision will be made in the Committee Timetable for an additional 5 'contingency' Cabinet meetings in case they are needed for urgent business, which cannot meet publication deadlines for the main meetings, but otherwise these meetings will not be used.

Council will continue to have 5 meetings plus the Annual Council as it does at present. Audit Committee will also be reduced from 6 to 5 meetings for consistency.

- 1.6 It is proposed that a new Members' portal will be developed to share service performance information, service updates, report scrutiny progress and for Member development and training, which will allow more time for scrutiny meetings to focus on broader corporate and strategic matters, which can add greater value to the Council.

Background: frequency of meetings and agenda sizes

- 1.7 Currently, the Council has seven main Overview and Scrutiny Committee meetings for each committee plus two joint budget scrutiny meetings, eleven Cabinet meetings, and five full Council meetings plus Annual Council. The Council also has six audit meetings.
- 1.8 Over the period from September 2023 to July 2024, Cabinet averaged 6 reports per meeting with an average meeting duration of 20 minutes. Finance and Resources OSC averaged 6 items over 7 meetings during this time frame with an average meeting time of 1h:13 mins, Housing and Community OSC 6 reports with an average meeting time of 56 minutes, Strategic Planning and Environment OSC (SPAEC) averaged 5 items a meeting with an average meeting time of 1h:51 mins. The number of reports for Scrutiny meetings includes the quarterly performance reports which would be removed from agendas but a more condensed performance report will still come twice a year to scrutiny meetings. Full data is set out at the end of this report for each meeting over the last 12 months; including the start and finish times for each meeting.

2. Centre for Governance and Scrutiny Recommendation 1

Consider how the scrutiny committee structure could be reprofiled to allow for more in-depth scrutiny work. We recommend that the current structure of three committees is maintained, but are clearly articulated and that the frequency of formal meetings is reviewed to provide the space for more Member led, strategic scrutiny to take place. (Whilst noting that this could require review of all Council committees).

2.1 Summary of action plan proposals:

- ❖ Reduce to five Overview and Scrutiny meetings per committee plus one budget meeting, with an optional second budget in January/February meeting if there are material changes to the budget presented in December.
- ❖ Realign Cabinet and Council to follow each Scrutiny meeting, reducing the number of Cabinet meetings to five per annum from eleven (plus 5 contingency meetings) Council to five, plus Annual Council (remains the same number) and Audit to five meetings from six. Please see annexed to this report a proposed revised committee timetable for 2025/26.

The timing of the implementation of the new timetable will take effect from May 2025, if agreed by Members.

- ❖ Committee to focus on more strategic thematic issues and reduce time spent on service performance updates.
- ❖ Quarterly Performance reports for service areas to be distributed via a newly developed Members' Portal so Members can raise questions through the Portal and receive answers, as required, outside meetings. Following feedback from Members through Group briefings, it is proposed that there will still be two meetings each year which will have a dedicated section for formal performance reporting.

2.3 The review recognised that there is a tendency at the Scrutiny committees for Members to focus too much into the operational detail of the services rather than on more strategic issues. This can mean that the meetings become too bogged down in the details of delivery; which can be addressed elsewhere (see below).

2.4 To address this, it is recommended that an annual plan is drawn up for each Scrutiny Committee; with a plan for the key areas upon which the committee wishes to focus over the year; Scrutiny chairs will need to liaise in advance of the finalisation of the plans to ensure that there is no duplication across committees. There will still remain the opportunity to add pre-Cabinet scrutiny reports as currently exists.

2.5 At present, each Scrutiny Committee meets nine times in each municipal year. This is very frequent and the review identified that this was more than many councils, and has significant implications upon the time required from Members and officers and the Council resources that this frequency consumes. It is proposed that, in future, each committee meets five times per year (plus a budget scrutiny meeting) and that these meetings precede the Cabinet meetings (also reduced in frequency to five main meetings); which will in turn be followed by meetings of Council.

2.6 If this proposal is adopted, it is proposed that the meetings are divided into two distinct parts. The first part will cover scrutiny of the relevant Cabinet reports. The second part will be devoted to discussing the thematic work of the Committee. Examples of the type of thematic work may include focussed review of the work or particular service areas within the remit of the Committee, delivery against corporate plan objectives falling within the remit of the Committee, new or growing areas of customer demand in the area. These are just a few examples, but themes will be developed and discussed with Scrutiny chairs/vice chairs and agreed with the wider Committee.

2.7 These changes will also free up time for Members to have specific working/task and finish groups to look into the identified issues in more depth if required and should add value to the scrutiny function.

2.8 Finally, whilst it is not felt a good use of time for Members to go into operational performance detail at committee, it is recognised that it is entirely right for Members to be aware of performance matters across service areas. Accordingly, details of performance across the Council will be available through a new Members' Portal, which will enable Members to raise questions with the relevant senior officer if they have

concerns and for answers to be provided through the Portal. Performance reports may also assist Members to consider particular work areas where they may like to request a specific 'deep dive' report at a future meeting. It is still proposed that that Scrutiny committees allocate part of two of their meetings annually to consider service performance against key performance indicators and this will be considered further as the workplans are developed.

3. Centre for Governance and Scrutiny Recommendation 2

Developing regular communication between Scrutiny Chairs. This could be achieved through default position of sharing work programmes and insight on working practices. This should also engage the Chair of Audit and Cabinet Members to highlight future issues and the part which Scrutiny could play in testing and shaping these forward plans.

3.1 Summary of action plan proposals

- ❖ Scrutiny chairs/vice chairs to agree overall work programme and programme for each committee. This will involve attendance at one main work planning workshop each year plus quarterly reviews where initial work plan ideas will be developed.
- ❖ Workplans will be shared electronically on the Members' Portal to ensure that Chairs have oversight of each other's workplans and eliminate duplication.

3.2 The review pointed out that there was insufficient communication between the Scrutiny Chairs, risking duplication across the work programmes of the three committees. To reduce the risk of this the chairs will meet before the work programmes are finalised at an annual workplanning workshop to agree what the overall thematic scrutiny programme should look like over the following year. Quarterly work planning review meetings will take place with Chairs and lead service officers (Strategic Directors, ADs or Heads of Service) to review workplans and ensure they are up to date. Workplans will then be shared amongst all Chairs on the Members' Portal.

3.3 Quarterly meetings of chairs can monitor progression, aided by a portal for chairs and vice chairs set up on the Members' portal so that the overall workplan and progress for each committee can be more easily monitored.

4. Centre for Governance and Scrutiny Recommendation 3

Develop an awareness raising programme for Members and Officers. This should be in addition to the current package of learning and development support for Elected Members and Officers across the Council. Wider awareness raising should be explored to build, refresh and enhance organisational knowledge and understanding of the role, purpose, and powers of scrutiny. This should be built into induction training for new Elected Members and include officer support for drafting and presenting reports to committee.

4.1 Summary of action plan proposals

- ❖ Induction training for all new Members will be provided as part of the Member development programme. This is currently part of the Member induction programme and will be retained.
- ❖ In addition, the Members' Portal will be used to give a range of short written briefings and video training opportunities on relevant scrutiny matters.
- ❖ Opportunities will be considered for short briefings before scrutiny meetings where appropriate. For example, this could be scrutiny governance/process training, general scrutiny skills, or finance updates if required.

4.2 As the review recognised, the Council already has a substantial Member training programme. However, building in short briefing sessions, whether in person or on-line, on matters which are of relevance to the functions of the committee or relating to matters the committee will be discussing at the meeting, or possibly at forthcoming meetings, will be actioned.

5. Centre for Governance and Scrutiny Recommendation 4

Review the process for developing work plans for each Scrutiny committee. Engaging Members, Officers, partners, and the public to inform work programming and to prioritise the topics for review in a proportionate way. This should include planned space for the detailed scrutiny of forthcoming decisions alongside the capacity to conduct in-depth scrutiny outside of the formal meetings.

5.1 Summary of action plan proposals

- ❖ February - Annual call for workplan ideas for Councillors and the public
- ❖ March/April - Annual work planning workshops with Scrutiny chairs/vice-chairs to help select and prioritise workplans..

Members will still be able to raise ideas for new items at each meeting, which will be subject to assessment in accordance with the workplan selection tool to help select and prioritise workplan matters (see proposal in see Appendix 2).

5.2 The idea behind this is to enable Scrutiny Committees to focus on the activities that will impact most beneficially on the Council's corporate priorities and/or matters of significant local concern. This will need to be adjusted from time to time in line with other changes so that alignment is achieved across the Council's activities and overall priorities.

5.3 The workplan selection tool will enable Scrutiny chairs/vice chairs to prioritise the different ideas and select appropriate items to ensure time for more in depth scrutiny into items which can make a real difference to the Council. The annual workplan will give officers advanced notice and time to develop reports.

- 5.4 The annual 'call' for workplan ideas will give an opportunity for the public and Councillors to submit ideas for scrutiny – this could be done through the Council's on-line engagement platform, which can then be assessed through the workplan selection tool and agreed between chairs/vice-chairs and senior officers for agreement by Committee. It will also allow chairs and vice-chairs the opportunity to consider inviting individuals, groups or stakeholders to appear at Committee to give their views on matters where relevant and agreed with senior officers.

6. Centre for Governance and Scrutiny Recommendation 5

Create a regular information digest for all Elected Members. This would provide the opportunity for Members to be cited on performance data and other high-profile work which is for information rather than taking up space on the formal agenda. This digest should also be used to identify those issues which may require further in-depth investigation.

6.1 Summary of action plan proposals

- ❖ This will be achieved through the development of a new Members' Portal.

- 6.2 The greater use of the Members' Portal referred to above will provide a resource for Members. It is intended that this will be developed (as outlined above) to include performance information on services (similar to current performance reports but more concise) to enable Members, should they wish, to both interrogate this information and be interactive, enabling Members to raise questions and issues, and make suggestions, directly through to the relevant senior officers.

- 6.3 Members will be able to identify through the portal, the performance information that they would find most useful and comparison data can be developed, enabling benchmarking internally as well as externally. Details of and knowledge shared in the training sessions referred to above will also be included on this portal.

- 6.4 The Portal will also be used to promote training opportunities, provide on-line video recordings of training provided for review and enable Members to track training they have attended and are required to attend (mandatory courses).

7. Centre for Governance and Scrutiny Recommendation 6

Review the content and detail for scrutiny reports and briefings. This would ensure consistency of communication and reporting formats as well as help focus on purpose of an item for consideration by scrutiny and expectations of the level of detailed contained within agenda packs. This could be done alongside Elected Members and officers so that all parties were clear on expectations and content.

7.1 Summary of action plan proposals

- ❖ The template for Scrutiny meeting agendas and reports will be reviewed in the light of the finalised action plan for the other recommendations (including Recommendation 7 below).
- ❖ The aim will be to create a more inclusive template, which can prompt debate and discussion.
- ❖ The structure of performance reports/updates to go on the Portal will also be reviewed and agreed with the Performance Team to ensure they are concise and give members an overview of the service area.

8. Centre for Governance and Scrutiny Recommendation 7

Reviewing how the recommendations are made and how impact is measured. This could include a process for any recommendations made being captured and reported back to Scrutiny to show how Cabinet has reflected on comments made and to orientate towards outcomes-focused meetings. This recommendation will be important following the review of work programming and the space having been provided for in-depth scrutiny work.

8.1 Summary of action plan proposals

- ❖ Committee agendas will include standard agenda items noting how recommendations from Scrutiny have been progressed, if they have been acted upon, and what the impact has been.

8.2 The review reflected that there was comparatively little public participation in the work of the Committees. This can be improved by identifying experts who could add value when the Committee is considering certain issues. More public participation, and the wider communication about the desire for this and how it can be achieved, both in looking at subjects and assessing impact from scrutiny work, would broaden the involvement with the public and enable greater resident input into the work of the Council.

9. Audit Committee

9.1 Whilst the report mentioned the role of the Audit Committee, it did not contain any recommendations about its operation. Nonetheless, the role of the Audit Committee is an important one and one that is rightly separate from both Cabinet and Scrutiny.

9.2 It is recommended that there be greater oversight of workplans between Audit and Scrutiny chairs to ensure that there is no duplication of work. This can be facilitated through the Members' Portal. It is also recommended that the frequency of Audit Committee is reduced to five meetings from six so that meetings can be timetabled in a consistent format to Scrutiny, Cabinet and Council meetings. This recommendation has been discussed with the S.151 officer who has no specific concerns subject to agreeing final timetabling.

10. Options

10.1 The Council could decide to continue with the current way in which scrutiny operates or could decide to adopt a different approach other than that recommended by the review.

10.2 Consideration has been given to other formats for scrutiny including reducing the number of Scrutiny Committees to one or two main committees rather than the current three. The CfGS believed that the

current structure of three committees worked well and whilst some authorities do adopt different approaches, including some who only have one committee, the view of CfGS is that this can cause work planning issues as there may not be enough capacity to adequately scrutinise the full range of services that the Council provides. A smaller one or two committee structure may also mean Councillors could become disenfranchised as some will not be involved in the scrutiny process at all and would therefore miss the opportunity to become involved in strategy, policy and project development and to scrutinise matters which really matter to their constituents.

11. Risks

The role of scrutiny is important and a statutory function in a Local Authority that operates an executive model of governance, such as at Dacorum. It is a way of the wider Council holding the executive to account and so the scrutiny function must be kept up to date and must operate as effectively as possible. If sufficient resource is not devoted to the support of scrutiny, the governance of the Council is at risk with reputational and other consequences, including a lack of public confidence.

12. Conclusions

Subject to consideration by the three current Scrutiny Committees this report will be reported to Cabinet on 28th January for approval and onto Council for final approval on 19th February.

Cabinet and Overview & Scrutiny meetings (excluding Joint Budget) 01/08/2023 to 31/08/2024

	Meeting Date	Start time	Finish time	Meeting duration	No. of reports
Cabinet	12/09/23	19:30	19:44	00:14	7
	17/10/23	19:30	19:57	00:27	8
	21/11/23	19:30	19:40	00:10	3
	12/12/23	19:30	19:50	00:20	6
	30/01/24	19:30	19:45	00:15	7
	13/02/24	19:30	20:00	00:30	10
	19/03/24	19:30	19:33	00:03	4
	23/04/24	19:30	20:00	00:30	5
	21/05/24	19:30	20:00	00:30	6
	18/06/24	19:30	19:38	00:08	4
	23/07/24	19:30	20:00	00:30	8

Cabinet average duration of meeting = 00:19

Cabinet average number of reports per meeting = 6

	Meeting Date	Start time	Finish time	Meeting duration	No. of reports	
Finance & Resources OSC	05/09/23	19:30	20:35	01:05	7	
	03/10/23	19:30	20:21	00:51	4	
	07/11/23	19:30	20:44	01:14	6	
	09/01/24	Meeting cancelled				
	05/03/24	19:30	21:17	01:47	8	
	04/06/24	19:30	20:30	01:00	5	
	15/07/24	19:30	20:56	01:26	5	

F&R OSC average duration of meeting = 01:13

F&R OSC average number of reports per meeting = 6

	Meeting Date	Start time	Finish time	Meeting duration	No. of reports
Housing & Community OSC	13/09/23	19:30	20:20	00:50	8
	11/10/23	19:30	19:58	00:28	5
	08/11/23	19:30	20:10	00:40	5
	17/01/24	19:30	21:09	01:39	5
	13/03/24	19:30	20:30	01:00	9
	05/06/24	19:30	20:06	00:36	3
	15/07/24	19:30	20:55	01:25	5

H&C OSC average duration of meeting = 00:56

H&C OSC average number of reports per meeting = 6

Meeting Date	Start time	Finish time	Meeting duration	No. of reports
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Strategic Planning & Environment OSC	06/09/23	19:30	21:10	01:40	6
	04/10/23	19:30	21:10	01:40	4
	01/11/23	19:30	20:40	01:10	5
	10/01/24	19:30	22:40	03:10	3
	06/03/24	19:30	21:52	02:22	8
	11/06/24	19:30	20:10	00:40	3
	15/07/24	19:30	21:45	02:15	7

SPAE OSC average duration of meeting = 01:51

SPAE OSC average number of reports per meeting = 5

Mark Brookes
Monitoring Officer
The Forum
Marlowes
Hemel Hempstead
HP1 1DN

31 January 2024

Dear Mark,

Scrutiny Improvement Review – CfGS consultancy support

I am writing to thank you for inviting the Centre for Governance and Scrutiny (CfGS) to carry out an evaluation of Dacorum Borough Council's scrutiny function. This letter provides feedback on our review findings and offers suggestions on how the Council could develop its scrutiny process.

As part of this feedback stage, we would like to facilitate a series of workshops with Members and Officers to reflect on this review and to discuss options for improvement.

1. Introduction

The Centre for Governance and Scrutiny were invited by Dacorum Borough Council to conduct a Scrutiny Improvement Review and this work took place between October and December 2023.

The Council had not undertaken a comprehensive review of its scrutiny arrangements for some time. With a recent change in administration and several newly elected Councillors, this review provides an ideal opportunity for the Council to reflect on existing practice and to identify where improvements might be beneficial.

We want to acknowledge at the outset an appreciation of the positives that emerged through our work. These include:

- Officer support is recognised and valued.
- Members are engaged in the formal meetings / good level of questioning skills.
- There is a willingness to embrace change and think about how to do things differently.
- Both Officers and Members have a desire to learn from best practice elsewhere.
- There is a firm commitment from Members to link scrutiny work to issues that are of relevance to local people.

In terms of political support, member engagement, and council senior leadership support, there are strong building blocks upon which scrutiny could successfully develop. However, there is a sense that the function lacks impact, and therefore it is not as valued as it could and should be. In addition, there is recognition that work programming across all scrutiny committees needs to be focussed and aligned to the council's priorities with flexibility to consider emerging areas of concerns, especially those arising from residents.

2. Methodology

The review explored the following:

- **Structure.** What might the most appropriate structure be in terms of improving outcome delivery and taking account of resource pressures?
- **Culture.** What is the mindset and mentality underpinning the operation of the overview and scrutiny process?
- **Working practices.** How is information is prepared, shared, accessed, and used?
- **Impact.** How to ensure that scrutiny is effective and that it makes a tangible difference to the lives of people in Dacorum through improving outcomes.

CfGS's scrutiny improvement reviews (SIRs) follow a standard methodology, which involves some flexibility to incorporate whatever bespoke elements authorities need to take account of local circumstances. The standard methodology can be found at www.cfgs.org.uk/sir .

Full details of the evidence gathering;

- The survey was sent to 85 individuals (51 Elected Members and 34 Officers)
- 39 people (13 Elected Members and 23 Officers) completed the survey which was a 25% of Members and 68% of the Officers that it was circulated to;
- carried out 17 conversations; 11 Elected Members (including Leader, Deputy Leader and a number of Cabinet Members and Scrutiny Chairs and their Deputies) and 6 officers (including Chief Executive, Monitoring officer and S151 officer)
- reviewed agendas, minutes and reports of overview and scrutiny committee meetings:
- observed recorded meetings;
- explored work programming and topic prioritisation;

The review was conducted by:

- Cath Buckley – Senior Governance Consultant, CfGS
- Annette Aitkin – Researcher, CfGS

Quality assurance was provided by Ian Parry, Head of Consultancy, CfGS

3. Findings

3.1 Structure

This section examines the current structure and what might the most appropriate structure be in terms of improving outcome delivery and taking account of resource pressures.

There are currently three overview and scrutiny committees in Dacorum which follow a thematic approach. These committees support the work of the Cabinet and Council as a whole and are overseen by the Democratic Services team who support these committees alongside a range of other regulatory committees and responsibilities.

Finance and Resources Overview and Scrutiny Committee

- The purpose of this committee is to perform the overview, scrutiny and policy development role in relation to all matters and business associated with the Cabinet Portfolio for Finance and Resources.
- There are 14 Members on the committee (including the chair and the vice-chair).
- Between January 2023 and September 2023 this committee held 5 meetings (January 2023's meeting was cancelled).

Housing and Community Overview and Scrutiny Committee

- The purpose of the committee is to perform the overview, scrutiny and policy development role in relation to all matters and business associated with the Cabinet Portfolios for and Housing and Property Services, excluding general fund property which is covered by the Finance and Resources committee.
- There are 14 Members on the committee (including the chair and vice-chair).
- Between January 2023 and September 2023 this committee held 6 meetings.

Strategic Planning and Environment Overview and Scrutiny Committee

- The purpose of the committee is to perform the overview, scrutiny and policy development role in relation to all matters and business associated with the Cabinet Portfolios for Place and Neighbourhood Operations.
- There are 14 Members on the committee (including the chair and vice-chair).
- Between January 2023 and September 2023 this committee held 6 meetings.

Non Statutory Health and Well-Being Scrutiny Committee

In addition to the above committees, the Council also operates a non statutory Health Scrutiny Committee. Whilst the review did not explore this committee in great depth, it was clear that it has potential to add value, however there is some work to do to ensure that its functions link into the wider health and social care environment and do not seek to duplicate activity elsewhere.

Audit Committee

There were mixed levels of understanding in relation to the Council's Audit Committee. Some of those interviewed viewed this committee as part of the Overview and Scrutiny function, rather than as a regulatory board. There is clearly some work to do to ensure that all Elected Members have regard for these two distinct roles. In practice we would look to see Audit consider whether the policies and procedures were working, and scrutiny consider whether the policies and procedures that the Council has chosen to implement are the right ones and having the desired outcomes. Both functions could use management information to form the basis of these deliberations and might share their findings with each other. Good practice could see a discussion over how best to consider an issue – whether it is a scrutiny or an Audit concern with a default position of sharing work programmes. Working together enables agreement on the issues that can be passed between committees, avoiding duplication, and could also consider engaging Members of the Audit Committee on scrutiny task groups or in budget scrutiny. CfGS have produced guidance for Councils on this matter which can be accessed [by clicking this link](#).

Research from previous reviews conducted by CfGS has found that committee structures can be a sticking point in relation to the quality of scrutiny's work and impact. There is often a belief that if structures are altered then the effectiveness of scrutiny will increase, but this is often not the case. Our research highlights that there is no 'ideal' scrutiny structure or optimum number of committees. There is no connection between the size and number of committees and their effectiveness, but there is a clear connection between having a clarity of purpose and a function that adds value and realises impact.

The overall thematic approach to structure in Dacorum is akin to that of many other borough councils of similar size and demographic. However, the frequency of meetings is higher than in most other councils, whilst this did not provide a concern to those spoken to, we did hear that Members are keen to conduct more in-depth scrutiny outside of the formal meeting space. As such, there may be opportunities to reduce the number of formal meetings that take place to provide the space for more in-depth scrutiny (review panels), however it is understood in Dacorum that this may also entail reviewing the frequency of other Council committees.

Additionally, whilst the three main overview and scrutiny committees follow a thematic approach, this structure does cause a degree of confusion amongst some Officers in relation to where each item should be taken. This could be due to a recent staffing restructure which has posed some issues with alignment between the work of committees and the Councils directorate areas. Dacorum's Constitution clearly sets out the remits however, there requires some further communication to aid wider understanding of where specific issues should be scrutinised.

3.2 Culture

This section explores the relationship between scrutiny Members and Cabinet, the interface between Members and Officers and whether relationships are effective. It also explores the mindset and mentality underpinning the operation of the overview and scrutiny process.

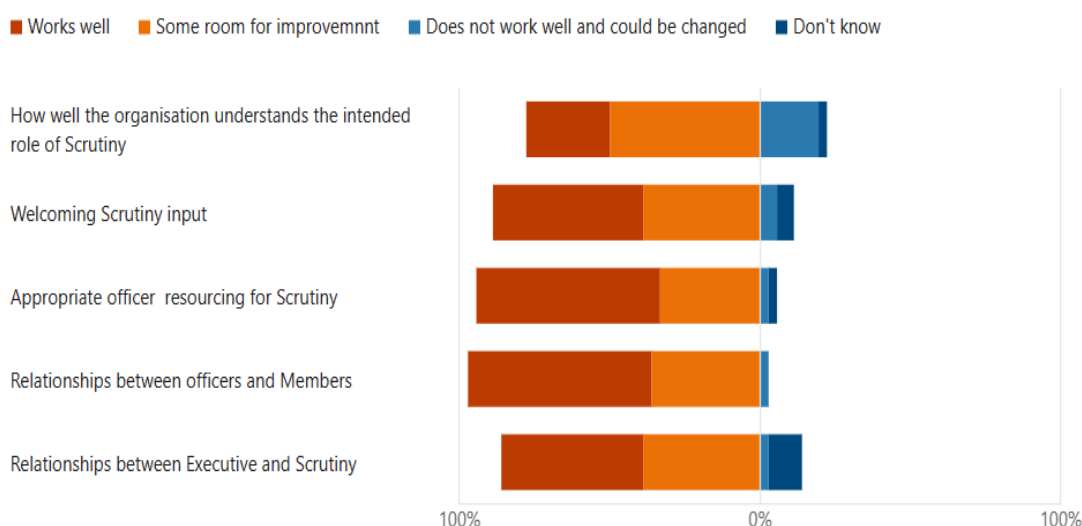
The chart below demonstrates the aggregated responses in the survey to questions about culture. This shows that there is some room for improvement in terms of how well the organisation understands the intended role of scrutiny. Conversely half of respondents thought that Scrutiny input was welcomed at the council, with 39% of respondents expressing that there was some room for improvement in this area.

Overall, it appears that officer resourcing for scrutiny is appropriate, however 33% did feel that there was room for improvement. It is important to note that there is no dedicated scrutiny officer post in Dacorum and the function is currently supported by democratic services officers who also manage a range of other committees and responsibilities.

Respondents thought that the relationships between Officers and Members worked well (61% of respondents). Relationships between Members and the Executive are more mixed, with a near equal split between those who thought that this worked well (47%) and those who thought that there was some room for improvement (39%). This indicates that there could be some specific issues rather than a more widespread concern. In terms of responses from Officers and Members there was no significant difference between the viewpoints held in relation to culture.

8. Culture- Thinking about your recent experience, how well do you think these elements work:

[More Details](#)



Findings from the survey, desktop research and conversations showed that the scrutiny function has the conditions to improve and succeed, during the conversations there was a realisation from both Members and Officers that scrutiny performance could be more effective and productive and there was a willingness and commitment to make changes to allow this to happen.

There is recognition that since the change of political control, there are several newly elected Councillors who lack experience and knowledge of ways of working. And whilst this can be of concern to some, it can also be a positive in terms of bringing new ideas and fresh perspectives. We heard a definite will to embrace change and explore new ways of working and look at best practice from elsewhere, a range of such examples can be drawn from the CfGS publication, [The Good Scrutiny Guide](#). There is a good level of buy in amongst Councillors and it will be important to harness this and support the newer Councillors to increase their knowledge of the council, its services and ways of working so that they are able to navigate governance systems and fully understand their role within it. Whilst training has been provided in relation to the role of scrutiny, audit committee and specific training for leading and chairing scrutiny, these have not always been well attended.

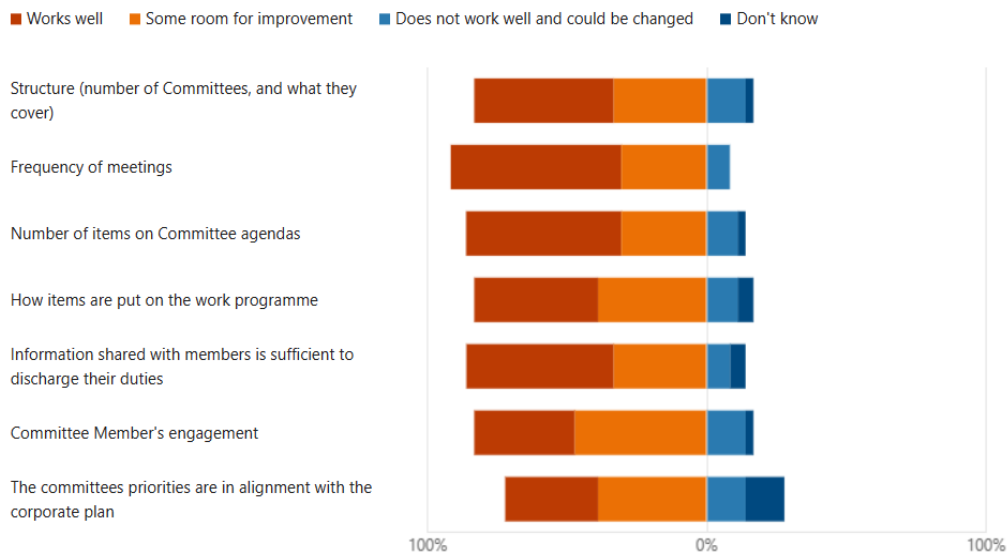
Member-officer relationships are overall positive. Both the survey and interview evidence highlighted strong working arrangements and a sense of mutual respect. There is faith in the senior leadership team and Members express the view that they are fortunate in having excellent dedicated Officers to support them. However, in a more strategic sense, there are mismatches in perception and expectation on how scrutiny is carried out. The frequency of meetings produces support problems for Officers preparing reports for those meetings and it is not always clear to Officers why reports are being requested, and communication of Members' objectives in bringing items to committee does not always happen.

Scrutiny's success is dependent on the right Members, with the right capabilities and attributes, leading and managing the scrutiny function. Scrutiny Chairs have a vital task in leading the committees, setting the culture and working together to uphold high standards of behaviour and good cross-party working. There is an opportunity for the Chairs to work together to share learning between one another with the option to also engage with the Chair of the Audit Committee on a regular basis (as highlighted in 3.1) and also for the Chairs to explore how they can develop further into their roles as committee leaders.

3.3 Working practices

This section discusses the practices in place that support the scrutiny function and relates to how items are selected and how information is prepared, shared, accessed and used.

Working practices- Thinking about your recent experience, how well do you think these elements work:



Responses to the survey indicated that people generally feel that working practices are effective. However, there is room for improvements to be made in relation to committee member engagement (53% of officers stating there is some room for improvement and 17% stating that it does not work well, and 38% of Elected Members stating that there is some room for improvement and 8% stating it works well). In relation to the alignment of priorities of scrutiny to those within the Corporate Plan there is also room for improvement (43% of officers stating some room for improvement and 13% stating that it does not work well or that they don't know, and 31% of Elected Members state this area requires some improvement, with 16% stating it does not work well and 15% stating that they do not know).

Feedback from the conversations undertaken indicated that there are a number of Elected Members who are unhappy with the information supplied within agenda packs, and whilst the survey highlighted people are largely satisfied that the information is sufficient for Members to discharge their duties, our 121 conversations indicated that sometimes this information is too detailed. We would concur that too much detail in scrutiny can become counter-productive and detract from scrutiny's ability to be strategic. It will be important for the committees (led by their Chairs) to be clear about content sought in report and presentations and to be able to feed this to those drafting the documents so that they are always linked to the objectives sought from the area under consideration and contain the level of detail that the committee feel is appropriate for them to fulfil their duties.

Analysis of previous minutes showed that Members are engaged in the formal meetings, make valid contributions, and pose a range of detailed questions to witnesses. There is a tendency for committees to operate as though they are holding Officers to account, rather than the Cabinet Members. At times, the detail focused on is operational rather than strategic and whilst some scrutiny Members do make effort to be strategic and focus on the areas of importance, this sometimes falls short. Scrutiny can very often become an information exchange or become too operational to add value to the bigger strategic issues. This can be addressed through better topic selection that is more closely aligned to the Council's strategic priorities.

We found that without some refocusing Scrutiny could drift towards a performance management role and the practice of receiving quarterly performance reports is not something that all Members or Officers see as the purpose of scrutiny or where it can offer useful value. We would concur, as often by the time such data reaches committee, it is likely already to be out of date. Whilst it is important that scrutiny assesses performance information, there also needs to be useful commentary provided as to where and how scrutiny's oversight can be utilised. Quarterly reports might be used as a source of insight to support topic selection rather than an opportunity to conduct line by line data analysis, that rarely leads to valuable recommendations being made. This shift in approach would assist the committees in adding value to council policy and strategy through greater emphasis on the big challenges and opportunities ahead. We would suggest that, instead of taking performance information to committee as a default position, Elected Members receive it informally, perhaps as part of a wider information digest which they can use to drive and inform their regular work.

Refining the approach to work programming would achieve better results from scrutiny's work. There are comprehensive tools that other local authorities apply to improve work programming and raise the productivity and impact of scrutiny. Some Councils invite practical suggestions from members of the public and other stakeholders in dedicated planning sessions, or via an online consultation. This is a way to get a sense of what others feel is important for Councillors to be reviewing, and used alongside a meaningful overview of management information to inform deliberations can provide a long list of potential topics where scrutiny can add value. This process is aligned with best practice in section 6 of the [Statutory Scrutiny Guidance](#). Once the long-list is created each scrutiny committee can determine the topics that they wish to scrutinise using a prioritisation tool that highlights which items have the potential to add most value, the use of such a tool justifies how and why a decision has been taken to include certain issues and not others. This will also support greater member-ownership of the scrutiny agenda and provide an opportunity to build in the voice of the public into the work of Dacorum's scrutiny committees.

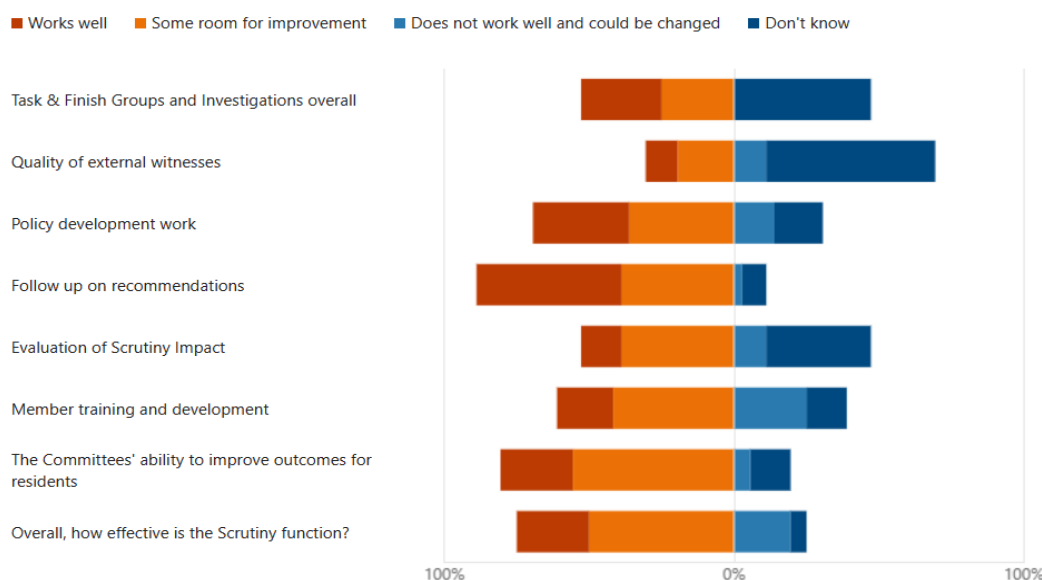
3.4 Having an impact

This section explores ways to demonstrate that scrutiny is effective and that it makes a tangible difference to the lives of people in Dacorum, through helping to shape policy, decision-making and improve outcomes.

Currently there is limited evidence of impact arising from scrutiny’s work. The graph below shows that there are a substantial number of ‘don’t know’ responses when people were considering impact. This is a far higher proportion than the other categories, suggesting that scrutiny itself is not aware of how, or even if, it can evidence having had impact.

Impact monitoring is an area that many Councils struggle with, however it is a relatively simple process to look at recommendations that scrutiny have made and whether they have been accepted and implemented. Longer term, consideration could be given to speaking to people inside and outside the council about the work that scrutiny has carried out to gather some tangible examples of scrutiny’s impact. Being able to articulate how scrutiny adds value to the work of the Council helps to further build on the work of the function and helps others to see its potential for improving services for local people.

Impact- Thinking about your recent experience, how well do you think these elements work:



Our research concluded that further work could be done to encourage public participation and to build a wider range of perspectives into scrutiny’s work. Insights gained from the survey found a lack of expert witnesses being invited to scrutiny committee meetings. Similarly, public participation is minimal and our conversations with Members also showed that there is

interest in exploring how scrutiny can amplify the voice of the public and better engage with residents and the community.

It is considered best practice to involve local people in the work of scrutiny as a way to help connect the council to the community it serves. Scrutiny could explore and experiment with ways to allow greater access, openness, and involvement with the public. This might include scrutiny a reasonable and well justified use of site visits in the community, inviting the public to offer ideas for work plans, and greater use of social media channels for resident input and communicating the progress and impact of scrutiny work. We heard that this had happened in the past, but less so recently.

4. Recommendations

4.1 Structure

Recommendation 1

Consider how the scrutiny committee structure could be reprofiled to allow for more in-depth scrutiny work. We recommend that the current structure of three committees is maintained, but are clearly articulated and that the frequency of formal meetings is reviewed to provide the space for more Member led, strategic scrutiny to take place. (Whilst noting that this could require review of all Council committees).

Recommendation 2

Developing regular communication between Scrutiny Chairs. This could be achieved through default position of sharing work programmes and insight on working practices. This should also engage the Chair of Audit and Cabinet Members to highlight future issues and the part which Scrutiny could play in testing and shaping these forward plans.

4.2 Culture

Recommendation 3

Develop an awareness raising programme for Members and Officers. This should be in addition to the current package of learning and development support for Elected Members and Officers across the Council. Wider awareness raising should be explored to build, refresh and enhance organisational knowledge and understanding of the role, purpose, and powers of scrutiny. This should be built into induction training for new Elected Members and include Officer support for drafting and presenting reports to committee.

Recommendation 4

That consideration is given to providing a short term investment to the scrutiny function. This will help to ensure that the actions and recommendations arising from this report can be implemented and that 'added value' scrutiny can take place.

4.3 Working practices

Recommendation 5

Review the process for developing work plans for each Scrutiny committee. Engaging Members, Officers, partners, and the public to inform work programming and to prioritise the topics for review in a proportionate way. This should include planned space for the detailed scrutiny of forthcoming decisions alongside the capacity to conduct in-depth scrutiny outside of the formal meetings.

Recommendation 6

Create a regular information digest for all Elected Members. This would provide the opportunity for Members to be cited on performance data and other high-profile work which is for information rather than taking up space on the formal agenda. This digest should also be used to identify those issues which may require further in-depth investigation.

Recommendation 7

Review the content and detail for scrutiny reports and briefings. This would ensure consistency of communication and reporting formats as well as help focus on purpose of an item for consideration by scrutiny and expectations of the level of detailed contained within agenda packs. This could be done alongside Elected Members and officers so that all parties were clear on expectations and content.

4.4 Having an impact

Recommendation 8

Reviewing how the recommendations are made and how impact is measured. This could include a process for any recommendations made being captured and reported back to Scrutiny to show how Cabinet have reflected on comments made and to orientate towards outcomes-focused meetings. This recommendation will be important following the review of work programming and the space having been provided for in-depth scrutiny work.

5. Thank you and acknowledgements

Thank you to all the Officers and Members who took part in this review, your openness and willingness to share your views have helped to shape the recommendations made. It is hoped that this work enables you to build on existing good practice and help to ensure that all Officers and Members are invested in making scrutiny a success in Dacorum Borough Council.

Scrutiny topic selection

(On a scale of 1-10 where 10 strongly agrees with the consideration).

CONSIDERATIONS	Suggestion 1:	Suggestion 2:	Suggestion 3:	Suggestion 4:	Suggestion 5:	Suggestion 6:	Suggestion 7:	Suggestion 8:	Suggestion 9:	Suggestion 10:
Is it a key public issue and community concern?										
Is it strategic & significant?										
Is it related to the Council's corporate priorities as set out in the Corporate Plan?										
Is it a matter which the Council's complaints data suggests is a significant issue?										
Will it deliver results for local people?										
Of concern to partners and stakeholders? Reference results from public consultation										
Does it relate to a failing service or dissatisfaction with a council service?										
Are there sufficient resources to effectively scrutinise the topic?										
Does not duplicate work of other committees?										
Will the recommendations lead to effective outcomes?										
Can the council implement or influence the outcomes?										
TOTALS										

The scoring is a guide to help you remember which proposals scored highly against the considerations for topic selection.

The highest 'score' does not necessarily mean that a topic will be selected but it may help inform your final selection.

Proposed Council, Cabinet OSC cycle - Meeting Timetable 2025-2026

	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	
MON					1			1						MON
TUES			1		2			2 Cabinet						TUES
WEDS			2		3		1	3 Audit				1		WEDS
THURS	1 HCC Elections		3 DMC		4 Member Development	2 Standards		4	1 Bank Holiday			2		THURS
FRI	2		4	1	5	3		5	2			3 BANK HOLIDAY	1	FRI
SAT	3		5	2	6	4	1	6	3			4	2	SAT
SUN	4	1	6	3	7	5	2	7	4	1	1	5	3	SUN
MON	5 BANK HOLIDAY	2	7	4	8	6	3	8	5	2	2	6 BANK HOLIDAY	4 BANK HOLIDAY	MON
TUES	6	3 SPAE OSC	8 Cabinet	5	9 SPAE OSC	7 Cabinet	4 SPAE OSC	9	6 Licensing Cabinet Contingency	3 Cabinet	3 SPAE OSC	7 Cabinet Contingency	5 Licensing	TUES
WEDS	7	4 F&R OSC	9	6	10 F&R OSC	8	5 F&R OSC	10 Joint Budget	7	4	4 F&R OSC	8	6	WEDS
THURS	8	5 H&C OSC	10 Member Development	7	11 H&C OSC	9 Member Development	6 H&C OSC	11 DMC	8 DMC	5 DMC	5 H&C OSC	9	7	THURS
FRI	9	6	11	8	12	10	7	12	9	6	6	10	8	FRI
SAT	10	7	12	9	13	11	8	13	10	7	7	11	9	SAT
SUN	11	8	13	10	14	12	9	14	11	8	8	12	10	SUN
MON	12	9	14	11	15	13	10	15	12	9	9	13	11	MON
TUES	13	10 Licensing	15	12	16	14	11	16	13 SPAE OSC	10 Licensing	10 Licensing	14 Licensing	12	TUES
WEDS	14 Annual Council	11	16 Audit	13	17 Audit	15 MDSG	12	17 Council	14 F&R OSC	11 MDSG	11	15 MDSG	13 Annual Council	WEDS
THURS	15	12 DMC	17	14	18 DMC	16 DMC	13 DMC	18	15 H&C OSC	12	12 DMC	16 DMC	14	THURS
FRI	16	13	18	15	19	17	14	19	16	13	13	17	15	FRI
SAT	17	14	19	16	20	18	15	20	17	14	14	18	16	SAT
SUN	18	15	20	17	21	19	16	21	18	15	15	19	17	SUN
MON	19	16	21	18	22	20	17	22	19	16	16	20	18	MON
TUES	20 Licensing	17 Cabinet Contingency	22 Licensing	19	23 Cabinet Contingency	21	18 Cabinet Contingency	23	20 Member Development	17	17 Member Development	21	19	TUES
WEDS	21	18 Health & Wellbeing	23 Council	20	24 Health & Wellbeing	22 Council	19 Member Development	24	21 Audit	18 Council	18 Audit	22 Council	20	WEDS
THURS	22 DMC	19 Standards	24	21 DMC	25 Call-in contingency	23	20 Call-in contingency	25 Bank Holiday	22 Call-in contingency	19	19 Call-in contingency	23	21 DMC	THURS
FRI	23	20	25	22	26	24	21	26 Bank Holiday	23	20	20	24	22	FRI
SAT	24	21	26	23	27	25	22	27	24	21	21	25	23	SAT
SUN	24	22	27	24	28	26	23	28	25	22	22	26	24	SUN
MON	26 BANK HOLIDAY	23	28	25 BANK HOLIDAY	29	27	24	29	26	23	23	27	25 BANK HOLIDAY	MON
TUES	27	24	29	26	30 Licensing	28	25 Licensing	30	27	24	24 Cabinet	28	26	TUES
WEDS	28	25 MDSG	30	27		29	26	31	28 Health	25	25	29 Health	27	WEDS
THURS	29	26 Member Development	31 DMC	28		30	27		29 Standards	26 Member Development	26 Standards	30 Member Development	28	THURS
FRI	30	27		29		31	28		30	27	27		29	FRI
SAT	31	28		30			29		31	28	28		30	SAT
SUN		29		31			30				29		31	SUN
MON		30									30			MON
TUES											31			TUES

School holiday dates are shaded
Council
Cabinet
Overview & Scrutiny meetings

H&C OSC = Housing & Community Overview & Scrutiny Committee
 SPAE OSC = Strategic Planning & Environment Overview & Scrutiny Committee
 F&R OSC = Finance & Resources Overview & Scrutiny Committee

DMC = Development Management Committee
 MDSG = Member Development Steering Group



Finance and Resources Overview and Scrutiny Committee

Report for:	Finance and Resources Overview and Scrutiny Committee
Title of report:	Local Government Provisional Finance Settlement Update
Date:	
Report on behalf of:	Cllr William Allen, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	N/A
Background papers:	Draft 2025/26 budget proposals - December 2024 Budget OSC.
Glossary of acronyms and any other abbreviations used in this report:	

Report Authors/ Responsible Officers

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Corporate Priorities	Community Engagement Service Improvement and Delivery Vibrant Communities Sustainable Future Proud and Thriving Borough
Wards affected	All
Purpose of the report:	To provide Members with an update of the provisional local government finance settlement. To inform members of the current financial planning proposals prior to final 2025/25 budget approval in February 2025
Recommendation (s) to the decision maker (s):	That Members note the report.
Period for post policy/project review:	2025/26 Budget Proposals – February 2025 Cabinet & Council.

Local Government Finance Settlement Briefing Update.

1. Introduction

1.1. The purpose of this note is to update Budget Review Group on the final 2025/26 Budget Proposals following the release of the provisional local government Finance Settlement (LGFS) on December 18th.

1.2. The LGFS has detailed the overall funding for Dacorum MTFs, and this paper outlines any variances to the draft 2025/26 budget and proposals as to how to respond to these variances.

1.3. Table 1: Summary of Differences in Government Funding

Description	2024/25 £'000's	LGFS £'000's	Draft 2025/26 Budget Proposals £'000's	Variance £'000's	Treatment £'000's
Core Funding – CT and Core Govt funding	£14,900	£15,100	£14,800	£300	Core Funding.
GF Budget Changes				£300	Funding Growth of £300k to be allocated to Temporary Accommodation budget.
Retained Business Rates	£3,000	£3,500	£3,550	-£50	Utilise the Funding Equalisation Reserve to smooth this variance, no bottom-line impact.
New Homes Bonus	£1,200	£434	£500	-£66	Reduce the proposed Allocation to reserves to £434k. No bottom-line impact
Specific Grants					
Homelessness Prevention	£929	£1,438	£929	£509	£929k is in the current 24/25 base budget. Allocate the residual £509k to reserves, to be drawn down in year in line with service pressures and grant conditions.
Rough Sleeping	£321	£321	£321	£0	Allocate to reserves, draw down in line with grant conditions
Domestic Abuse Safe Accommodation Grant	£0	£37	£0	£37	A new grant to be utilised in line with the grant conditions, once the service
National Insurance	0	TBC		TBC	Allocate to reserve to specifically support NI pressures. Projected funding £160k - £180k.

2. Detail of the Local Government Finance Settlement variances.

2.1. Core Funding Changes

Core funding is expected to be circa £300k (2%) greater than previously projected. It is proposed to utilise these funds to support the pressures in on-going financial pressures in the Temporary Accommodation service reported at Quarter 2 financial performance report. Following a further in-depth service review this pressure is projected to continue into the medium term with the service requiring an addition circa 200 properties to ensure short and medium-term demand projections can be supported.

2.2. New Homes Funding

The New Homes Funding grant is confirmed of £434k, £66k less than projected and a reduction year on year of circa £800k. These funds will continue to be allocated to the Dacorum Development Reserve to support new house building projects in the future.

2.3. Retained Business Rates

The level of retained business rates is projected to be circa £50k below prior budget projections, but the actual retained business rates is uncertain until later in the financial year so at this point it is recommended that any shortfall is financed through use of the Funding equalisation reserve as and when this £50k shortfall crystallises.

2.4. Other Funding/Grants

2.4.1. Extended Producer Responsibility - £1.4m One Off Grant

The Extended Producer Responsibility (EPR One-off Grant) of £1.4m, will be allocated to a Waste reserve to support the 2025/26 implementation and future investment requirements of the EPR New Burdens policy. Future reports will be presented to members when and if funding is required to meet the new statutory requirements. The Government have only guaranteed this funding stream for 2025/26, future funding policy for this policy is unclear at present.

The EPR policy will potentially impact both the cost of collecting waste and the cost of disposing waste, with additional government targets expected to be brought in over time.

The EPR policy requires the service initially to undertake a review of how we collect and dispose of recyclable materials and additional collection services may be required, increasing service provision costs. It is suspected that over time increases in costs of disposal will result due to target setting and changes to recycling credit.

2.4.2. Homelessness Prevention Grant - £1.5m One off grant

This has uncharacteristically been announced as part of the provisional LGFS, it is recommended that this grant is treated as per usual and is allocated to reserves until the service complete a spending plan in line with the grant conditions, as per previous years.

2.4.3. National Insurance

The actual funding levels for National Insurance pressures has **not** been announced as part of the provisional local government finance settlement but will be announced as a one-off grant in the final Local Government Finance Settlement in January 2025.

The formula for the funding calculation has been shared and funding will be based on an authorities' net cost of service as a proportion of the national authorities net cost of services. This approach is not linked to the actual direct cost of NI increases and is likely to lead to smaller authorities like Dacorum receiving less proportionate funding than the impact of the NI increase. The LGA had already reported, prior to the formula details being shared, that the £515m allocated was over 20% short of the true cost of direct NI impact.

Future NI funding will be rolled into the Local Government Fair Funding review in the spring of 2025, and hence is expected to be a one-off grant. It is proposed that any Dacorum NI funding confirmed by government is allocated initially to a specific National Insurance Pressure reserve to be allocated as contract pressures are finalised over the next 3 months. Early calculations of projected funding are in the region of £160 - £180k.

3. Impact of these Proposals.

- These proposals do not impact on the bottom line of the 2025/26 draft budget proposals and a balanced budget is still proposed.
- A change to core funding of £300k that will be utilised to support the ongoing financial pressures resulting from the demand in Temporary Accommodation.
- The creation of a National Insurance Pressure reserve.
- The creation of a new Extended Producer Responsibility Reserve (EPR) with an allocation of £1.4m, a proposal raised at budget OSC.