



SCRUTINY BOARD (STRATEGY AND RESOURCES)

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 20th July, 2015 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

S Bentley - Weetwood;
D Cohen - Alwoodley;
C Dobson - Killingbeck and Seacroft;
K Groves (Chair) - Middleton Park;
H Hayden - Temple Newsam;
J Jarosz - Pudsey;
J McKenna - Armley;
D Nagle - Rothwell;
A Sobel - Moortown;
T Wilford - Farnley and Wortley;
R Wood - Calverley and Farsley;

Please note: Certain or all items on this agenda may be recorded

Agenda compiled by:
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Development:
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A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services at least 24 hours before the meeting).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:</p> <p>No exempt items have been identified.</p>	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration.</p> <p>(The special circumstances shall be specified in the minutes.)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES</p> <p>To receive any apologies for absence and notification of substitutes.</p>	
6			<p>MINUTES - 22 JUNE 2015</p> <p>To confirm as a correct record, the minutes of the meeting held on 22 June 2015.</p>	1 - 4
7			<p>EFFECTIVE PROCUREMENT AND CONTRACT MANAGEMENT</p> <p>To consider a report of the Chief Officer of Projects Programmes & Procurement Unit (PPPU) in relation to procurement and contract management.</p>	5 - 22
8			<p>WORK SCHEDULE</p> <p>To consider the Scrutiny Board's work schedule for the 2015/16 municipal year and to agree draft terms of reference for an inquiry into income generation.</p>	23 - 54
9			<p>DATE AND TIME OF NEXT MEETING</p> <p>Monday, 28 September 2015 at 10.00am (pre-meeting for all Board Members at 9.30am)</p>	

Item No	Ward/Equal Opportunities	Item Not Open		Page No
			<p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts on the front of this agenda.</p> <p>Use of Recordings by Third Parties – code of practice</p> <ul style="list-style-type: none"> a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title. b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete. 	

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 22ND JUNE, 2015

PRESENT: Councillor K Groves in the Chair

Councillors B Anderson, S Bentley,
D Cohen, C Dobson, H Hayden, J Jarosz,
J McKenna, D Nagle, A Sobel and
T Wilford

1 Chair's Opening Remarks

The Chair welcomed everyone to the first meeting of the municipal year. The Chair also welcomed Councillors Helen Hayden and Catherine Dobson, newly elected members of Council.

2 Late Items

There were no late items.

3 Declaration of Disclosable Pecuniary Interests

There were no disclosable pecuniary interests declared to the meeting.

4 Apologies for Absence and Notification of Substitutes

Apologies for absence were received from Councillor R Wood. Councillor B Anderson substituted.

5 Minutes - 27 April 2015

RESOLVED – That the minutes of the former Scrutiny Board (Resources and Council Services) meeting held on 27 April 2015 be confirmed as a correct record.

6 Scrutiny Board Terms of Reference

The Head of Scrutiny and Member Development submitted a report presenting the Board's terms of reference as agreed by Council on 21 May 2015

RESOLVED – That the Scrutiny Board's terms of reference be noted.

7 Sources of work for the Scrutiny Board

The Head of Scrutiny and Member Development submitted a report which provided information and guidance on potential sources of work to be developed within the Board's Work Programme for 2015/16.

Draft minutes to be approved at the meeting
to be held on Monday, 20th July, 2015

Appended to the report was a copy of the Best Council Plan and details of work previously carried out by this Scrutiny Board.

Councillor James Lewis, Executive Member, Resources and Strategy and Alan Gay, Deputy Chief Executive and Director of Resources attended the meeting and outlined their respective portfolios and also gave a summary of the financial and organisational issues facing the Council.

A discussion then took place around a number of topics including; income generation and traded services, devolution and local freedoms, smart cities and ICT, contract management, service centralisation, statutory and non-statutory services, human resources issues including staff engagement, flexible working and skills management.

The Chair invited all Board Members to have an input in relation to their own preferred areas of work for the Scrutiny Board.

The following list of work areas was identified;

- Non contract spend and contract management;
- Income generation/traded services (including discussions around, universal services, subsidised services and charged services) Commissioning;
- ICT including internal resources to manage projects;
- Smart City roll out;
- Devolution.

It was agreed that further discussion and additional reports would be submitted regarding devolution prior to a decision being made on any future scrutiny and the appropriate timing of that scrutiny. Arrangements would also be made for a visit to a meeting of the combined authority.

RESOLVED –

- (i) To agree to receive information in relation to non-contract spend and contract management at the July meeting
- (ii) To authorise the Chair and Scrutiny officer to consult with the relevant Director and Executive Board Member regarding the work programme and report back to the next meeting with a draft work schedule.

8 Co-opted Members

The report of the Head of Scrutiny and Member Development sought the Board's formal consideration for the appointment of Co-opted Members.

The Board was informed that they could appoint the following:

- Up to five non-voting co-opted members for a term of office that does not go beyond the next Annual Meeting of Council; and/or
- Up to two non-voting co-opted members for a term of office that relates to the duration of a particular and specific scrutiny inquiry.

RESOLVED – To appoint co-opted members on an ad-hoc basis for any inquiries where it was deemed appropriate.

9 Date and Time of Next Meeting

Monday, 20 July 2015 at 10.00 a.m. (Pre-meeting for all Board Members at 9.30 a.m.)

(The meeting concluded at 11.10am).

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Report authors: David Outram & Sean Flesher

Tel: 0113 39 52463

Report of the Chief Officer PPPU and Chief Officer Parks and Countryside

Report to Scrutiny Board (Strategy and Resources)

Date: 20 July 2015

Subject: Effective Procurement and Contract Management

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

Executive Board approved a refreshed procurement policy for the council at its meeting on 24 April 2013. The policy was developed as the Transforming Procurement Programme, and the approved documentation and approach is now called Effective Procurement.

Reports of the Chief Officer PPPU to the April meeting of the then Resources and Council Services Scrutiny Board resulted in a request for further consideration of waivers, extensions and contract management. In line with efforts to further ensure council resources are spent wisely, the PPPU has been invited to report on the work of the Chief Officer to reduce off and non-contract spend.

This report seeks to respond to both requests, summarises the processes, tools and guidance available for Directorates, and has sought to illustrate the work with Parks and Countryside to better inform Members of how the results are being implemented.

Recommendations

Members of Scrutiny Board (Strategy and Resources) are asked to note the contents of this report, and to invite both Chief Officers to report back in 3 months time on the results of their collaborative working to reduce non-contract spending, and to invite a further update as soon as the findings of the forthcoming audit are available.

1 Purpose of this report

1.1 To provide a further report to the Board as requested.

2 Background information

2.1 The council spent c. £720 million externally last year, across both revenue and capital. A large proportion of this is spent with external suppliers, and the council uses a variety of contracts, from simple purchase orders to long-term partnership agreements. Some contracts are with a single provider, others are frameworks with multiple providers with some contracts operating on a regional basis and procured in partnership with other YORtender authorities (YORtender is the council's electronic tendering system). The below table shows the actual contract spend and number of contracts in the financial year 2014/15 across Directorates.

Contract Spend 2014/15

	Total	PFI	Non-PFI	Contracts (Over £25k)
Adult Social Care and Public Health	139,946,912	6,660,686	133,286,226	367
Central & Corporate	94,033,922	1,552,728	92,481,194	168
Children's Services	152,651,293	77,480,816	75,170,478	164
City Development	86,808,393	12,392,378	74,416,015	125
Environment & Housing	123,590,236	9,999,889	113,590,347	134
Strategic Landlord	41,161,666	16,441,938	24,719,727	13
	638,192,422	124,528,435	513,663,987	971

The council has introduced a suite of tools and template documentation in support of its refreshed procurement strategy, and updated Contracts Procedure Rules to reflect the strategy. All are published and available on InSite. Contracts Procedure Rules have recently been further updated to reflect new Regulations which have been implemented under a new EU Procurement Directive.

3 Main issues

3.1 Roles and Responsibilities

3.1.1 The council's Contracts Procedure Rules confirm that each Directorate is accountable for the procurements that they need in order to deliver the services and secure the outcomes that they are responsible for. The central procurement function is accountable for providing a central source of expertise, advice and support, providing check and challenge as appropriate.

3.1.2 Contracts Procedure Rules require registration of procurements undertaken on YORtender where the value exceeds £10k. They also require the Chief Officer (PPPU) to be informed and consulted where procurements in excess of £100k are planned.

3.2 Contract extensions

- 3.2.1 Many contracts entered into by the council permit extensions in accordance with the contract terms. Good practice in procurement includes applying such extensions in appropriate circumstances where the relevant Chief Officer is satisfied that it is good value for money and in some cases where an extension will enable better procurement planning.
- 3.2.2 In some cases, however, unplanned extensions or waivers of Contracts Procedure Rules are required because a new procurement has not been undertaken in time. This may be due to lack of planning or resources or factors within the procurement process which could not have been foreseen.
- 3.2.3 Internal Audit undertook a sample of contract extensions and their findings were reported to the November meeting of a previous Board. Their report concluded that a medium level of compliance had been provided and their recommendations were as follows:
- PPPU and PU (now PPPU) should remind the Contract Manager of the need to populate the contract award memo with a review date, thus providing the information to the Systems and Resourcing team with a date to input in YORtender.
 - Analysis should be undertaken to establish that extending a contract offers the Best Value prior to extension. Evidence of this should be retained.
 - When extensions are processed the length of extension should adhere to the specification detailed in the contract, and only in exceptional circumstances should a contract be extended for a different period and where this is the case a variation to the contract should be processed.
 - It should be ensured that realistic extension periods are invoked to minimise the use of resources.
- 3.2.4 A report was submitted to the council's Corporate Commissioning Group in January confirming the audit report findings and requesting compliance by Directorates with the recommendations. Furthermore, the Chief Officer PPPU sent a communication to the Best Council Leadership Team in March 2015 advising of the outcome of the audit and recommendations, along with detail of a new process for waivers and a reminder of the support available and information provided on InSite in relation to procurement planning and contract management.

PPPU have continued to action the first audit recommendation during procurement activity, and Internal Audit intend to follow up the audit during the quarter July-September 2015. It is proposed that the findings from this follow up audit will be reported to this board.

3.3 **Waivers**

- 3.3.1 Contracts Procedure Rules allow certain rules to be waived in circumstances where Chief Officers consider that course of action to be justified, and provide that decisions to waive Contracts Procedure Rules is always at least a Significant Operational Decision for the purposes of the Constitution (therefore requiring publication). The Chief Procurement Officer should be informed when waivers are approved by Chief Officers.
- 3.3.2 PPPU developed new InSite toolkit guidance to support council officers in recording waivers. The new process and toolkit is designed to support and monitor compliance with the requirement to record waivers and notify PPPU in accordance with the rules. The communication sent to best council leadership team on 11th March provided detail of the new process.
- 3.3.3 Since the development of this, PPPU are now maintaining a log of all waivers. PPPU have recently been through a restructure and have also been focusing on non and off-contract spend. During the next quarter, a review and analysis of the waivers of the Contracts Procedure Rules will take place and the findings will be reported to this board.

3.4 **Non and Off-Contract Spend**

- 3.4.1 The Portfolio Management Office (PMO) within PPPU is actively collaborating with colleagues in the wider council including the Business Support Centre, Corporate Finance and the Directorates to reduce non and off-contract spend.
- 3.4.2 For financial year 2014/15, £19.2m of non and off contract spend identified by the PPPU in that year now has contracts or procurements in place. These contracts and procurements are predicted to save the council £650,447 this financial year 2015/16 and £649,620 in 2016/17 - a total of £1.3m over the two financial years.
- 3.4.3 A further £5.2 million of non and off-contract spend for 2014/15 is currently being looked at to identify other items of expenditure for which it will be possible to put contracts in place.
- 3.4.4 The PMO team produce monthly and quarterly reports detailing non and off-contract spend. These reports are used to inform monthly meetings with Steve Clough (Head of Revenue Savings Programme – Strategy and Resources), Heads of Finance and PPPU. The reports enable the Directorates, PPPU category teams and Heads of Finance to work together and review non and off- contract spend collaboratively.
- 3.4.5 The PMO has also been working with Alan Simmons (Principal Financial Manager - Strategy and Resources) in order to improve the search facility

within FMS for identifying existing contracts when placing orders. This will help to ensure that contracted suppliers or internal service providers (ISPs) are used. Further improvements to FMS have also been requested so that in those instances where an existing contract is not selected (potentially resulting in off-contract spend), one of the following options must be selected to ensure adherence with Contracts Procedure Rules:

- 3 quotes/Best Value - provide details of the 3 quotes or why best value below.
 - Contracted supplier unable to fulfil order. Provide details below
 - Known contract not found. Provide details below
 - Unable to select correct supplier on contract. Provide details below
 - Leeds City Council have no option but to use this supplier. Provide details below
 - Required item does not appear on catalogue. Provide details below
 - Order needed to be raised on different Vote code. Provide details below
 - The order is subject to a waiver of CPRs. Provide details of DDN/waiver number and Senior Officer who approved the DDN/waiver.
- 3.4.6 The PMO is seeking access to the council's feeder systems in order to identify areas where additional support can be given to ensure council colleagues comply with Contract Procedure Rules (CPRs) and use ISPs or contracted suppliers where these exist. Another area of focus will be where three quotes have been repeatedly obtained for spending in excess of £10k; this is in breach of CPRs as a contract should be put in place.
- 3.4.7 There are also opportunities for collaboration with Scrutiny in order to achieve a reduction in non and off contract spend to ensure the council achieves its goal of spending money wisely and to retain money within the council through use of ISPs.
- 3.4.8 The Scrutiny Board is requested to note the ongoing work within PPPU relating to: achieving procurement savings and reducing non and off-contract spend.

3.5 **Parks and Countryside: Illustration of Collaborative Working**

- 3.5.1 Parks and Countryside spent £10.1m on goods and services in 2014/15 and expect to spend £10.9m in 2015/16. In 2014/15 £2.3m of this expenditure was recorded as being committed either without a formal contract ('non-contract spend') or without using existing council contractual arrangements ('off contract spend'). In some instances, this is legitimate, for example, where the choice of supplier is stipulated by a grant provider. Analysis of the financial information for the Service has been used to identify area of spends where action needs to be taken to move expenditure onto appropriate contracts and also to identify spend where a competitive procurement exercise either isn't possible or wouldn't be of benefit to the council.
- 3.5.2 A programme of work for the current financial year is underway addressing priorities such as the arrangements for procuring playground equipment, plant hire, goods for re-sale at shops and food outlets, rails and fencing and surfacing. This is supported by a programme of training, delivered by PPPU officers, to update and improve procurement skills and knowledge in the Parks and Countryside service. Levels of non and off contract spend will continue to be reviewed.
- 3.5.3 It is proposed that the on-going work between the PPPU and Parks and Countryside Officers be utilised by Scrutiny to provide an informative example of how the Regulations can be utilised to best effect, and Services can illustrate how they can ensure money is spent wisely without adverse impact on delivery. It is proposed that the results of this work be reported to the meeting of the Board in 3 month's time.

3.6 **Contract management**

- 3.6.1 The refreshed procurement strategy and Contracts Procedure Rules require consideration of good contract management. The Effective Procurement documentation contains tools to support this. In particular the Rules require a Contract Management Plan to be developed for each procurement, scalable to the nature of the procurement (and one plan can cover a number of contracts). A template is provided which is appended at **Appendix 1**.
- 3.6.2 PPPU provides support to develop plans before contracts are awarded. Generally contract management is undertaken by the Service in question. The unit has provided support to the contract management function for some of the PFI contracts in place, particularly during the works phase, and also from April to support best practice to seek to achieve savings across the PFI portfolio over coming years. The unit has also hosted a periodic contract management forum which focussed on infrastructure contract management, but also sought sharing of best practice with other attendees.

- 3.6.3 **Appendix 2** sets out the approach taken with contract management by the Strategy and Commissioning team in Public Health, which commissions on behalf of four directorates. This describes how the team uses contract management as a framework for managing service quality, ensuring positive outcomes for service users and productive working relationships with our commissioned providers.

4 Corporate Considerations

Consultation and Engagement

- 4.1 The previous reports to this Scrutiny Board detailed the extensive consultation and engagement undertaken under the Transforming Procurement Programme.

Equality and Diversity / Cohesion and Integration

- 4.2 The Transforming Procurement Programme included equality issues as one of its workstreams and has undertaken a formal screening, which was published alongside the 24 April 2013 Executive Board report. The screening highlighted the importance of screening categories and procurements for their equality impacts and responding accordingly in line with the council's equality and diversity policies. There have been no major changes at a policy level. Contracts Procedure Rules require consideration of equality matters when undertaking a procurement and the key template documents that Contracts Procedure Rules refer to provide specific prompts in this respect.

Council policies and City Priorities

- 4.3 Contracts Procedure Rules and the Effective Procurement documentation support the council value of 'spending money wisely', and seek to ensure that the council's other values are embedded in all of the council's procurement activities.

Resources and value for money

- 4.4 This report considers good contract management practice

Legal Implications, Access to Information and Call In

- 4.5 None

Risk Management

- 4.6 Monthly on/off contract spend is shared with category teams, directorates and internal audit. Tools are in place which are intended to support the activities covered in this report.

5 Conclusions

- 5.1 Directorates are accountable for their own procurement activity with support provided by PPPU.

- 5.2 This report sets out the processes in place to support contract activity and collaborative working to reduce non-contract spending.
- 5.3 While there is recognition that there is a diversity of services and no single approach will work in all cases, there is a need to offer a consistent level of quality of contract management. Plans to develop an Integrated People's Commissioning Service will consider the role of contract management and seek opportunities to insure greater levels of consistency.

6 Recommendations

- 6.1 Members of Scrutiny Board (Strategy and Resources) are asked to note the contents of this report, and to invite both Chief Officers to report back in 3 month's time on the results of their collaborative working to reduce non-contract spending, and to invite a further update as soon as the findings of the forthcoming audit are available.

7 Background documents¹

- 7.1 Previous reports to the then Resources and Council Services Scrutiny Board in July 2013 September 2014 November 2014 and January 2015.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Contract Management Plan

Contract name:	
Contract reference number:	<i>From YORtender</i>
Timemaster reference:	
Contract start date:	
Mobilisation period:	
Contract end date:	
Other key dates:	
Value of contract:	
Classification of contract:	<i>Major, Medium, Minor and Category</i>

Service directorate and service directorate contact:	
PPPU/PU lead contact:	
Provider name:	
Provider address, phone number, email:	
Location of contractual documents:	<i>LINK to where contract documents are stored. Are these: LCC standard <input type="checkbox"/> amended <input type="checkbox"/> or (specify) <input type="checkbox"/></i>
Document date / version:	<i>Draft / Final (delete as appropriate)</i>

Purpose:

The contract management plan summarises key information about how the contract will be managed. It confirms systems and processes to ensure that the provider complies with the terms and conditions of the contract, that performance is effectively managed, that communications are managed, and that issues are appropriately escalated. This may include specific actions and obligations for the service directorate team.

The content of the contract management plan should be proportionate to the value, risk and complexity of the contract. All headings in **bold** should be addressed. The text below each heading is to provide prompts for issues that you may wish to address.

1. Contract Overview

Briefly outline:

- *what goods / works / services will be provided and what high level outputs will be delivered through the contract*
- *contract length*
- *any specific contract milestones*
- *contract parties including key sub-contractors and suppliers*
- *how the service will be delivered, for example, number of staff, supervisors etc. and organisational structure(s)*
- *responsibility for contract management, including where there are joint commissioning arrangements*

2. Objectives

List objectives and desired outcomes here. Consider:

- *value for money*
- *savings*
- *quality*
- *continuous improvement*
- *customer satisfaction*
- *council plan and city priorities*

3. Transitional arrangements and mobilisation

Briefly outline:

- *when and how the existing service will exit and any handover or interfaces*
- *any Transfer of Undertakings (Protection of Employment) (TUPE) arrangements and how they will be managed*
- *any staff training that needs to be undertaken prior to the commencement of the contract*

- *whether there are any outstanding licences to be obtained and if this is the responsibility of Leeds City Council (LCC) or the provider*
- *any arrangements for sharing information, access to records, access to ICT systems, Disclosure and Barring Service (DBS) checks etc.*
- *is any testing required prior to the commencement of the contract?*
- *is there anything that needs to be carried beyond the transition period, for example, refresher training*

For medium or major contracts, or where transition and mobilisation may be complex or time consuming, you may prefer to develop a separate mobilisation plan in addition to the contract management plan.

4. Performance management

Briefly outline:

- *key milestones and key performance indicators (KPIs) or identify where in the contract they are*
- *other quality criteria or other standards and expectations set out in the council's specification, provider method statements, and contract terms and conditions - or provide appropriate links or cross-references*
- *how KPIs and any other relevant standards and requirements will be monitored and what information will be received from the provider. For instance, monthly reporting regarding payment, performance, customer satisfaction etc.*
- *how will service users, elected members and other stakeholders be involved in performance monitoring / reporting?*
- *whether benchmarking and market testing are to be undertaken with respect to the contract*
- *how performance will be monitored and managed with respect to issues such as data security, safeguarding, environmental protection, health and safety*
- *how poor performance and disputes will be managed*

5. Finance

Briefly outline:

- *how invoices will be scrutinised and validated*
- *how the invoice is calculated, for example price per unit x number of units, or flat rate monthly fee*
- *the process for approval of invoices*
- *how the total spend on the contract will be monitored*
- *how income relating to the contract will be monitored*
- *what the expenditure should be coded to*
- *how indexation is applied*
- *whether there are any price reviews included for in the contract*

6. Governance arrangements

Briefly outline:

- *the contract management team, decision making levels and escalation*
- *provide a Responsible, Accountable, Consulted, Informed, Supporting (RACIS) detailing the responsibilities of LCC, the provider, and others at appendix 1.*
- *are there any specialist areas where the contract management team will rely on the expertise of others in the council to support management of specific contract requirements eg information governance, safeguarding, health & safety...*
- *determine document management and contract administration arrangements*

7. Communication with provider

Briefly outline:

- *[monthly] review meetings, annual review meetings, and other communication mechanisms between the council and the provider*
- *escalation routes and procedures*
- *compliments and complaints procedures*
- *how information will be managed*

8. Communication with stakeholders

- *Identify stakeholders and summarise how stakeholders will be engaged, including elected members, consider any particular community or neighbourhood activities*
- *Briefly outline how stakeholder feedback will be captured. For example, satisfaction surveys, suggestion box, focus groups, compliments and complaints*
- *For contracts resulting from medium or major procurements consider also attaching a communications and engagement plan at appendix 2*

9. Risk management

Briefly outline:

- *very high risks related to the contract and how they are to be managed*
- *how you will ensure a regular review of the risks related to the contract*
- *for contracts resulting from medium or major procurements consider also attaching a risk register at appendix 3*
- *what contingency planning will the provider undertake, and what contingency planning are you putting in place?*
- *remember to consider 'positive risks' also known as 'opportunities'*

10. Benefits

Briefly outline

- *the benefits to be realised through contract delivery*
- *how benefits will be captured, managed and monitored*

11. Change

Briefly outline:

- *how changes to the contract will be managed between LCC and the provider and who at LCC will authorise change*
- *how continuous improvement and innovation will be explored and managed*

12. Lessons

Briefly outline:

- *how the provider will capture and feedback lessons*
- *how lessons will be captured by the contract manager and used to inform wider best practice*

13. Expiry arrangements

Briefly outline thoughts given to arrangements for when the contract expires. For example, inventories, equipment, TUPE, data, licences

14. Procurement background

Briefly outline:

- *the service directorate lead with respect to the procurement*
- *the PPPU/PU lead with respect to the procurement*
- *the procurement route used*

15. Other considerations

- *other than paying the invoice, are there any specific tasks that the service directorate team is responsible for undertaking, and how will these be monitored? For example, providing quarterly timetables, placing orders 24-hours in advance of use*
- *briefly outline any issues (not covered above) relating to:*
- *consultation and engagement*
- *equality, diversity, cohesion and integration*
- *legal implications, statutory duties, and regulations*
- *data security and also data publishing - if the Contractor is a data processor or a data controller under the Data Protection Act 1998, the plan should cover i) how compliance generally with the Act will be monitored, ii) how, if the Contractor is a data processor on behalf of the Council, the organisational and technical measures implemented by the Contractor to comply with the Act will be monitored, iii) how any specific*

measures listed in the specification/contract will be monitored

- *safeguarding – remember children and adults who may be at risk, remember all service areas where direct contact may be involved*
- *health and safety – staff, users, general public*
- *environmental performance*
- *social responsibility, for example, community benefits, environment, employment and skills etc.*
- *workforce planning and development*
- *tracking the on-going financial health of provider / sub-contractors through CreditSafe or other route*
- *other service specific matters – hard to reach groups, fraud prevention etc.*

16. Appendices

- *1 RACIS matrix*
- *2 Communications and engagement plan*
- *3 Risk register*

Operational contract manual (OCM) (delete where not applicable)

For contracts that have complex interfaces and processes you may want to prepare an operational contract manual which sets out these in detail. This document is most likely to be prepared by the provider, with inputs from yourself.

If an OCM is prepared, please include a link or details of the filepath here.

If an OCM is prepared, this contract management plan might be very light touch and simply cross-refer to the OCM rather than repeating the information.

Key contacts (delete where not applicable)

<i>Service 1 internal</i>	
<i>Service 2 internal</i>	

<i>Legal</i>	
<i>Finance</i>	
<i>Technical</i>	
<i>Health and safety</i>	
<i>Safeguarding</i>	
<i>Data protection</i>	

Provider bank details

Appendix 2

A Case Study in Contract Management of Commissioned Services

- The Strategy and Commissioning team in Public Health commissions and manages a range of contracts that provide services for vulnerable people, primarily to support them to live independently or to provide support around drug and alcohol misuse. Commissioning on behalf of Public Health, Environments and Housing, Adult Social Care and Children's Services, the team manage numerous contracts with multiple providers across the city with a value of circa £20m per annum
- In order to ensure that good services are provided that meet the needs of vulnerable people the team adopt a robust and comprehensive contract management process which is centred on relationship building with commissioned providers. Building good relationships is vital to understand the service, the context and pressures, ensuring the correct links with other providers are in place and it enables the early discussion of any potential problems.
- Contract management however is not a stand-alone activity. Contract managers are involved in the whole life cycle of commissioning: using knowledge from contract management to review services and inform future decision making; writing specifications for new services with a clear understanding of need; working with providers during a mobilisation period before a new service is up and running; managing the contract to ensure performance and outcomes during the contract period; assessing quality and the changing needs to inform future reviews.
- In terms of the day to day contract management, contract managers use the specification as the framework for discussions as this contains the service targets, outcomes and expected ways of working. Providers report against this every quarter as a minimum and a face to face meeting takes place to discuss progress any problems or barriers for example.
- Depending on the nature of the service there will be much more regular reporting, for example accommodation void levels might be reported weekly; details of those people rough sleeping 3 or 4 times a week; outcomes for those accessing drug and alcohol treatment are reported quarterly.
- Contract managers use the knowledge that they have of the service and its performance to carry out on-going risk management which provides managers with an at a glance risk rating across all of our commissioned services. The risk rating looks at quality, performance and governance and rates any potential impact of a concern in these areas for service users, the Council's priorities and reputation and the organisation delivering the service.
- A key component of the approach around contract management is the evaluation of service quality. A Quality Assessment Framework is used for which providers self-assess and then a validation of this assessment is carried out by contract managers. Part of this ongoing process ensures that providers are aware of current standards and initiatives for example around Child Sexual Exploitation and Safeguarding or linkages

to new initiatives like the Domestic Violence and Abuse Breakthrough Project or the recently successful Innovations Fund bid.

- Contract managers are aligned around particular themes, eg Young People, Domestic Violence, Mental Health etc. and will manage all of the projects in their theme area. This enables them to develop a good strategic overview, helps ensure the right links are in place, enables participation in relevant forums and steering groups and provides the opportunity to bring providers together to discuss issues around a common theme.
- Good contract management is beneficial to our commissioned providers as well. The approach used by the Strategy and Commissioning team ensures that providers have a clear understanding of how service performance will be measured and how the delivery of the service will be monitored. This enables them to plan how the service should be delivered and respond to changes in service demand.

Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Strategy and Resources)

Date: 20th July 2015

Subject: Work Schedule

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Board's draft work schedule is attached as appendix 1. The work schedule reflects discussions at the Board's meeting in June. It will be subject to change throughout the municipal year.
2. Also attached as Appendix 2 are draft terms of reference for an Inquiry into income generation. This was identified as a key piece of work at the June meeting.

Recommendations

2. Members are asked;
 - (i) to note the work schedule and make amendments as appropriate
 - (ii) to agree the draft terms of reference for an Inquiry into income generation.

Background documents¹

None used

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Scrutiny Board (Strategy and Resources) Work Schedule for 2015/2016 Municipal Year

Area of review	Schedule of meetings/visits during 2015/16		
	June	July	August
Non contract spend		Initial evidence gathering	
Budget/Service Categorisation and income generation		Agree terms of reference	
Commissioning			
ICT			
Devolution			
Briefings	Terms of Reference/work programming discussion		
Recommendation Tracking			
Performance Monitoring			

Scrutiny Board (Strategy and Resources) Work Schedule for 2015/2016 Municipal Year

Area of review	Schedule of meetings/visits during 2014/15		
	September	October	November
Non contract spend	Session 2	Final session and drafting of recommendations	Agreeing recommendations
Budget/Service Categorisation and income generation	Session 1	Session 2 –evidence gathering	Session 3 –evidence gathering
Commissioning			
ICT			
Devolution			
Briefings			
Recommendation Tracking			
Performance Monitoring			

Scrutiny Board (Strategy and Resources) Work Schedule for 2015/2016 Municipal Year

Schedule of meetings/visits during 2014/15			
Area of review	December	January	February
Non contract spend			
Budget/Service Categorisation and income generation	Session 4 – drafting recommendations	Agree final report and link with comments on Executive Budget proposals	
Commissioning			Commissioning
ICT			
Devolution			
Briefings			Devolution
Budget	To receive Executive Board's initial budget proposals	Formal response to Executive Budget proposals link with recommendations arising from work on Budget/Service Categorisation and income generation	
Recommendation Tracking			
Performance Monitoring			
Performance Monitoring			

Scrutiny Board (Strategy and Resources) Work Schedule for 2015/2016 Municipal Year

Area of review	Schedule of meetings/visits during 2014/15		
	March	April	May
Non contract spend			
Budget/Service Categorisation and income generation			
Commissioning			
ICT			
Devolution			
Briefings			
Recommendation Tracking			
Performance Monitoring			
Performance Monitoring			

SCRUTINY BOARD (STRATEGY AND RESOURCES)

INCOME GENERATION

TERMS OF REFERENCE

1.0 Introduction

1.1 As part of its Budget and Policy Framework role, Scrutiny Board (Strategy and Resources) is required to consider the Executives initial budget proposals for 2016/17. These will be received in December. Prior to receipt of the Executive's proposals, members of the Strategy and Resources Scrutiny Board wanted to undertake pre-decision scrutiny in relation to effective charging strategies. The Board is of the view that an effective charging strategy helps deliver the Council's Best Council Plan by;

Targeting subsidy at top priorities – by recovering more of the cost of lower priority services, resources become available for higher priorities

Targeting subsidy at those groups in greatest need – well designed charges can help ensure that those least able to pay can still access services

Improving services – Additional income can be used for investment in improving facilities

Delivering corporate priorities – charges can help to deliver corporate priorities, for example, parking charges can support environmental and transport strategies, leisure charging can support strategies to improve health and well being

Generating income – additional income can be generated by varying fees and charges. The council can also review the extent to which discretionary services should continue to be provided free of charge

Managing demand for services – Well designed charges can improve access to services for key target groups

Changing behaviours – charges can be used to influence behaviour in order to meet council objectives e.g low gym prices might encourage exercise.

1.2 The Boards is also of the view that developing clear principles for charging helps overcome the barriers and controversies that tend to dominate charging debates. Leeds has a Fees and Charges Policy however it has not been reviewed for at least five years and is in need of refreshing. A number of authorities have developed such policies and set out some key principles that should be followed across the council to ensure a consistent approach. The key elements include:

- Why the council charges for services e.g. to generate income/change behaviours/target certain groups
- The different forms of charging (see table below)
- The role of Members in setting charges

Understanding the views of local people

Charging policy	Policy objective
Full commercial	The Council seeks to maximise revenue within an overall objective of generating as large a surplus (or a minimum loss) from this service
Full commercial with discounts	As above, but with discounted concessions being given to enable disadvantaged groups to access the service
Fair charging	The Council seeks to maximise income but subject to a defined policy constraint. This could include a commitment made to potential customers on an appropriate fee structure. Alternatively, a full commercial rate may not be determinable or the Council may be a monopoly supplier of services.
Cost recovery	The Council wishes to make the service generally available, but does not wish to allocate its own resources to the service
Cost recovery with discounts	As above, but the Council is prepared to subsidise the service to some extent to ensure disadvantaged groups have access to the service
Subsidised	Council policy is to make the service widely accessible, but believe users of the service should make some contribution from their own resources. Could also be due to the adverse impact a cost recovery or commercial charging policy would have on other council services
Nominal	The Council wishes the service to be fully available, but sets a charge to discourage frivolous usage.
Free	Council policy is to make the service fully available
Statutory	Charges are set in line with legal obligations

- Considerations in setting the level of fees and charges
- Clear advice in relation to concessions i.e. offering discounts to certain groups

2.0 Scope of the inquiry

2.1 The purpose of the Inquiry is to make an assessment of and, where appropriate, make recommendations on the following areas:

- Current principles for charging
- Current levels of charging and/or subsidy for discretionary services
- Opportunities for increased levels or new sources of income
- Review of the Fees and Charges Policy

3.0 Desired Outcomes and Measures of Success

3.1 It is important to consider how the Scrutiny Board will deem if its inquiry has been successful in making a difference to local people. Some measures of success may be obvious and others may become apparent as the inquiry progresses and discussions take place. Success measures might include:

- Overall income increases
- Growth in use of services by target groups
- Positive behaviour changes e.g. more people exercising

3.2 Ensuring the Council's finances are targeted at the appropriate service will make a significant contribution in achieving the Best Council Plan objectives.

4.0 Comments of the relevant Director and Executive Member

4.1 In line with Scrutiny Board Procedure Rule 12.1 where a Scrutiny Board undertakes an Inquiry the Scrutiny Board shall consult with any relevant Director and Executive Member on the terms of reference.

5.0 Timetable for the inquiry

5.1 The Inquiry will take place over a number of sessions.

5.2 The length of the Inquiry is subject to change. However it is anticipated that any recommendations made will feed into the comments provided to Executive Board, by Scrutiny, in February 2016, in relation to the Executive's budget proposals.

6.0 Submission of evidence

6.1 Session one – September 2015

To focus on:

- Understanding the financial strategy and the council's priorities.
- Using 'service categorisation' methodology to understand/challenge current service delivery
- Understanding of current Fees and Charges Policy

6.2 Session two – October 2015

To focus on:

- Current principles for charging
- Current levels of charging and/or subsidy for discretionary services

6.3 Session three – November 2015

To focus on:

- Opportunities for increased levels or new sources of income
- Consideration of new Fees and Charges Policy

6.4 **Session four – December 2014**

- To receive the Executive's initial budget proposals
- To consider the findings and potential recommendations arising from this inquiry.

6.5 **Session five – January 2016**

- To agree final report and feedback on the Executive's budget proposals

7.0 **Witnesses**

7.1 The following have been identified as possible contributors to the inquiry, however others may be identified during the course of the inquiry:

- Councillor Judith Blake, Leader of Leeds and Executive Member for Economy and Culture
- Councillor James Lewis, Deputy Leader and Executive Member for Resources and Strategy
- Deputy Chief Executive
- Officers as appropriate

8.0 **Equality and Diversity / Cohesion and Integration**

8.1 The Equality Improvement Priorities 2011 to 2015 have been developed to ensure our legal duties are met under the Equality Act 2010. The priorities will help the council to achieve its ambition to be the best City in the UK and ensure that as a city work takes place to reduce disadvantage, discrimination and inequalities of opportunity.

8.2 Equality and diversity will be a consideration throughout the Scrutiny Inquiry and due regard will be given to equality through the use of evidence, written and verbal, outcomes from consultation and engagement activities.

8.3 The Scrutiny Board may engage and involve interested groups and individuals (both internal and external to the council) to inform recommendations.

8.4 Where an impact has been identified this will be reflected in the final inquiry report, post inquiry. Where a Scrutiny Board recommendation is agreed the individual, organisation or group responsible for implementation or delivery should give due regard to equality and diversity, conducting impact assessments where it is deemed appropriate.

9.0 Post inquiry report monitoring arrangements

- 9.1 Following the completion of the Scrutiny inquiry and the publication of the final inquiry report and recommendations, the implementation of the agreed recommendations will be monitored.
- 9.2 The final inquiry report will include information on the detailed arrangements for how the implementation of recommendations will be monitored.

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Introduction

This policy has been produced following a corporate review of fees and charges across the Council. The policy is supported by the Best Practice Guidance and is referenced within Financial Procedure Rules. The policy and Best Practice Guidance set out the approach to be taken to fees and charges where the Council has discretion over the amounts charged for services provided and for trading activities.

Aim of the Policy

The purpose of this policy is to provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support Council objectives and are set at a level that maximises income generation. The policy is incorporated within the following Charging Principles:

Charging Principles

1. Council Priorities

A Directory of Charges shall be maintained for all charges where the Council has discretion over the amounts charged for services provided and for trading activities. All decisions on charges for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. Charge Setting

In setting charges, any relevant government guidance will be followed. Stakeholder engagement and comparative data will be used where appropriate to ensure that charges do not adversely affect the take up of services or restrict access to services. Full consideration will be given to the costs of administration and the opportunities for improving efficiency and reducing bureaucracy.

3. Subsidy

In general, fees and charges will aim to recover the full cost of services except where this is prevented by legislation, market conditions or where alternative arrangements have been expressly approved by the relevant Director or Chief Officer in consultation with the Director of Resources. A business case should be created for all services that require a subsidy from the Council. Approval for the level of subsidy should be

obtained from the relevant Director or Chief Officer, in consultation with the Director of Resources.

4. Charging Levels

A number of factors should be considered when determining the charge and these are documented in the accompanying Best Practice Guidance.

5. Charging Exemptions

All trading activities and services provided by the Council will be charged for unless prevented by statute, detailed as exempt in the Best Practice Guidance or under exceptional circumstances agreed exempt by the relevant Director or Chief Officer, in consultation with the Director of Resources.

6. Concessions

Concessions to priority and target groups will be considered where this is appropriate, in accordance with any relevant government guidance and will take account of the user's ability to pay. All concessions should be fully justified in terms of achieving the Council's priorities. Wherever possible we will aim to provide concessions consistently across the Authority, in line with the Best Practice Guidance.

7. Review of Charges

All charges and the scope for charging will be reviewed at least annually within the service area. The review will include those services which could be charged for but which are currently provided free of charge. The annual review will be undertaken in accordance with the Best Practice Guidance.

8. Waivers

Waivers of individual charges shall only be given in exceptional circumstances and in accordance with the Best Practice Guidance.

This Best Practice Guidance applies to fees and charges where the Council has discretion over charges for services provided and trading activities. The Guidance is in line with the latest advice received from the Audit Commission. The Audit Commission published the national report 'Positively charged: Maximising the benefits of local public service charges' in January 2008 and has provided tools and other resources to assist and support Councils with fees and charges.

The Best Practice Guidance is supported by the Fees and Charges Flowchart attached at Appendix 1, the Report to Waive Fees attached at Appendix 2 and the Supplementary Guidance on Concessions and Flowchart attached at Appendix 3.

1. PURPOSE OF THE GUIDANCE

- 1.1 The purpose of the Best Practice Guidance is to specify the processes and frequencies for reviewing existing charging levels and to provide guidance on the factors that need to be taken into consideration when charges are reviewed on an annual basis.
- 1.2 The Best Practice Guidance and Council Fees and Charges Policy provide a consistent approach in setting, monitoring and reviewing fees and charges across the authority. This will ensure that fees and charges support corporate objectives and improve the efficiency of the process across the authority.
- 1.3 Individual service areas should develop localised arrangements and a service specific policy which are consistent with the Council Fees and Charges Policy and Best Practice Guidance.
- 1.4 Putting customers first is at the heart of our values. The Best Practice Guidance has been devised to ensure that our services meet the needs of our customers and communities at an acceptable cost to local people.

2. BACKGROUND INFORMATION

- 2.1 The Local Government Act 2003 (LGA 2003) includes a general power for local authorities in England and Wales to charge for discretionary services. Charges made under this power are limited to cost recovery. The general power to charge for discretionary services has the following key features:

- Authorities are under a duty to ensure that, year on year, the income from charges cannot exceed the costs of provision;
- Authorities must already have the power to provide the service;
- The recipient of the service must have agreed to its provision and to pay for it;
- It does not apply to services which an authority is mandated, or has a duty, to provide.

2.2 The Local Authorities (Goods and Services) Act 1970 governs the way in which local authorities are allowed to 'trade' with other public bodies. It authorises local authorities to enter into agreements with public bodies for the provision of goods, materials and administrative, professional and technical services, for the use of vehicles, plant and apparatus, and for the carrying out of maintenance.

2.3 LGA 2003 authorises councils to trade commercially through a company and to enter into commercial contracts. Using this provision, local authorities can trade with any person, including non-local authorities and non-public bodies for profit. Councils assessed as '1 star', '2 stars', '3 stars', '4 stars', 'fair', 'good' and 'excellent' in the CPA are empowered to do for a commercial purpose anything that they are authorised to do to carry out their ordinary functions, provided they prepare a business case which includes a risk analysis exercise. The primary purpose of any company (or participation in any company) is to promote or improve well-being.

2.4 Councils have powers to charge for a wide range of services. Many of these powers derive from legislation that applies to specific service areas, for example:

- Sections 1 and 3 of the Civic Restaurant Act 1947 provide the power to establish and run restaurants and supply meals and refreshments to the public and to charge for these to recover costs;
- Section 145 of the Local Government Act 1972 enables authorities to provide and charge for a range of arts and entertainment activities;
- Section 19 of the Local Government (Miscellaneous Provisions) Act 1976 gives the power to provide a range of sport and recreational facilities and to charge or not to charge as they think fit; and
- Sections 6 of the Prevention of Damage by Pests Act 1949 allows authorities to take action as necessary to remove rats and mice from

their area – in fulfilment of their duty under section 2 of the Act – and to recover their reasonable expenses in doing so.

3. LEVEL OF SUBSIDY

- 3.1 Where charges are made for services, users pay directly for some or all of the services they use. Where no charges are made or where charges do not recover the full cost of providing a service, council tax payers subsidise users.
- 3.2 Fees and charges will be set at a level that maximises income generation and recovers costs, whilst encouraging potential users to take up the service offered and ensuring value for money is secured on behalf of the taxpayer.
- 3.3 A Business Case should be created for all services that require a subsidy from the Council when charges are reviewed. The Business Case should outline how the subsidy will be applied to the service area and incorporate the following:
- Demonstrate that the subsidy is being targeted at top priorities;
 - Provide justification for which users should benefit from the subsidy;
 - all users - through the Standard Charge being set at a level lower than cost recovery;
 - target groups – through the application of the Concessions Guidance (Appendix 3).
- 3.4 Approval for the subsidy should be obtained from the relevant Director or Chief Officer, in consultation with the Director of Resources.

4. ASSESSMENT OF CHARGING LEVELS – THE STANDARD CHARGE

- 4.1 The cost of providing the service should be calculated. When estimating the net cost of providing a service, the previous years actual results (in terms of income, activity levels and expenditure) must be taken into account. Where assumptions are made based on variables such as increased usage, this should be evidenced by an action plan detailing how this will be achieved. In addition, this should be supported by a Performance Management Framework to ensure that early indications of non-achievement against targets are identified to enable corrective action to be taken.
- 4.2 Charges should be set so that in total they cover the actual cost of providing the service including support service charges. Any subsidy arising from standard charges being set at a level below full cost should be fully justified in terms of achieving the Council's priorities in the Business Case detailed in Section 3 of this Guidance. Where it is not appropriate or cost effective to calculate the cost of service provision at an

individual level, charges may be set so that overall costs are recovered for the range of services which are delivered within a service area.

4.3 In order to ensure cost effectiveness and efficiency when setting and amending charging levels, the following are to be considered:

- Justification in the setting of charges to withstand any criticisms and legal challenges;
- Obstacles to maximising full cost recovery when providing the service;
- Access to and impact on users;
- Future investment required to improve or maintain the service;
- Relevant government guidance;
- Corporate objectives, values, priorities and strategies.

4.4 The following should be considered during the process, which may result in charges being set at a lower level than cost recovery:

- Any relevant Council strategies or policies;
- The need for all charges to be reasonable;
- The level of choice open to customers as to whether they use the Councils services;
- The desirability of increasing usage or rationing of a given service (i.e reducing charges during off-peak times).

4.5 The tools and other resources published on the Audit Commission's website may assist during the assessment of charging levels.

5. CONCESSIONS

5.1 Concessions may be used to provide a discount from the Standard Charge for specific groups for certain services. The Subsidy detailed in Section 3 of this Guidance may be used to provide the concessions where this has been explicitly approved.

5.2 Guidance on the application of concessions is attached at Appendix 3. The Concessions Guidance has been developed to ensure that the fees and charges levied for discretionary services are fair and equitable and support social inclusion priorities. Concessions should be set in accordance with the principles detailed in the Supplementary Guidance on Concessions which seeks greater consistency towards

concessions granted to disadvantaged target groups for individual services. The Concessions Guidance supports the use of standard criteria for assessing the entitlement for concessions.

- 5.3 Concessionary Charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives, or which contribute to the aims of key local partnerships in which the council has a leading role.
- 5.4 The Local Government Act 2003 and its accompanying guidance states that charges may be set differentially, so that different people are charged different amounts. However, it is not intended that this leads to some users cross-subsidising others. The costs of offering a service at a reduced charge should be borne by the authority rather than other recipients of the service. This should be borne in mind when setting concessions or promoting use of a service by specific target groups.

6. CHARGING EXEMPTIONS

6.1 Exemptions relate to service areas where no charges are levied to any of the service users. There will be a number of important circumstances where charges should not be made. The following are Charging Exemptions:

- Where the administrative costs associated with making a charge would outweigh potential income.
- Where charging would be counter productive (i.e result in reduced usage of the service).
- Where services directly benefit all residents of Leeds and no individual clients or customers can be separately identified.

6.2 Section 3 of this Guidance in relation to Subsidy applies to all services that are exempt from charging.

7. PROCESSES AND FREQUENCIES

7.1 Reviews will be carried out at least annually for all services in time to inform the budget setting process, will take account of inflationary pressures and will be undertaken in line with budget advice provided by Corporate Finance. The reviews will be undertaken by all Service Areas that provide services where charges could be applied. The annual review of charges will consider the following factors:

- Inflationary pressures;
- Council-wide and service budget targets;

- Costs of administration;
- Scope for new charging areas.

7.2 In addition to the annual review detailed at 7.1, a formal review will be undertaken annually for all trading and material income areas and on a 3 yearly basis for all other service areas. These formal reviews of charges will consider the following factors, where appropriate:

- The actual or potential impact of any competition in terms of price or quality;
- Trends in user demand and the forecast effect of price changes;
- Customer survey results and user consultation;
- Alternative charging structures that could be more effective;
- Costs of service provision.

7.3 In the event that the formal review recommends a price increase in excess of inflation, consideration should be given to implementing a staged increase to the new charge.

7.4 The formal reviews will be approved by the relevant Director or Chief Officer after appropriate stakeholder input. The level of subsidy and the justification for setting the charge below the cost of service provision, where appropriate, should be made explicit during the approval process.

7.5 Customers should be given a reasonable period of notice before the introduction of new or increased charges. Where possible, the objectives of charging should be communicated to the public and users and taxpayers should be informed of how the charge levied relates to the cost of the service.

8. COLLECTION OF CHARGES AND OUTSTANDING DEBTS

8.1 The most economic, efficient and effective method of income and debt collection should be used and should comply with the requirements of Financial Procedure Rules.

8.2 All applicable income should be correctly coded to the fees and charges income vote code.

8.3 Wherever it is reasonable to do so, charges will be collected either in advance or at the point of service delivery.

- 8.4 Where charges are to be collected after service delivery has commenced, invoices will be issued promptly on the corporate system.
- 8.5 Where a debtor fails to pay for goods or services the relevant Director or Chief Officer should consider withholding the provision of further goods or services until the original debt is settled in full, where legislation permits.
- 8.6 Charges and concessions will be clearly identified and publicised so that users are aware of the cost of a service in advance of using it.

9. APPROVALS

- 9.1 All decisions on charges for services and trading activities will be approved by the relevant Director or Chief Officer, in consultation with the Director of Resources and recorded as delegated decisions, as appropriate.

10. MONITORING AND IMPROVEMENT

- 10.1 Monitoring will be used to understand how charges affect the behaviour of users (especially target groups) and drive improvement. Price sensitivities of individuals and groups should be understood so that charges can be set appropriately to deliver the levels or changes in service use necessary to achieve objectives.
- 10.2 As part of the monitoring and improvement process, a Directory of Charges shall be maintained and challenging targets for charging and service use shall be established.
- 10.3 A Directory of Charges shall be maintained by the Director of Resources for all charges where the Council has discretion over the amounts charged for services provided and for trading activities.
- 10.4 Specific financial, service quality and other performance targets should be set, monitored and reported to the appropriate level to ensure that high levels of efficiency and service quality are achieved. Examples include:
- Cost of service provision against targets and benchmarking authorities;
 - Usage by target groups i.e number of visits / requests;
 - Usage during peak time / off –peak time;
 - Income targets;
 - Percentage of costs recovered;
 - Costs of methods of billing and payment;
 - Excess capacity.

- 10.5 Service managers should, wherever possible, benchmark with the public, private and voluntary sectors not only on the level of charges made for services but the costs of service delivery, levels of cost recovery, priorities, impact achieved and local market variations.
- 10.6 The impact of the charges should be monitored and fed into the annual review process.

11. FINANCIAL PROCEDURES

- 11.1 The Fees and Charges Best Practice Guidance should be read in conjunction with Financial Procedure Rules.

12. REVIEW AND AMENDMENT OF FEES AND CHARGES BEST PRACTICE GUIDANCE

- 12.1 This Best Practice Guidance shall be reviewed and updated on an annual basis by the Director of Resources. The levels and processes detailed for Waivers in Section 13 of this Guidance must be updated in conjunction with Financial Procedure Rules.

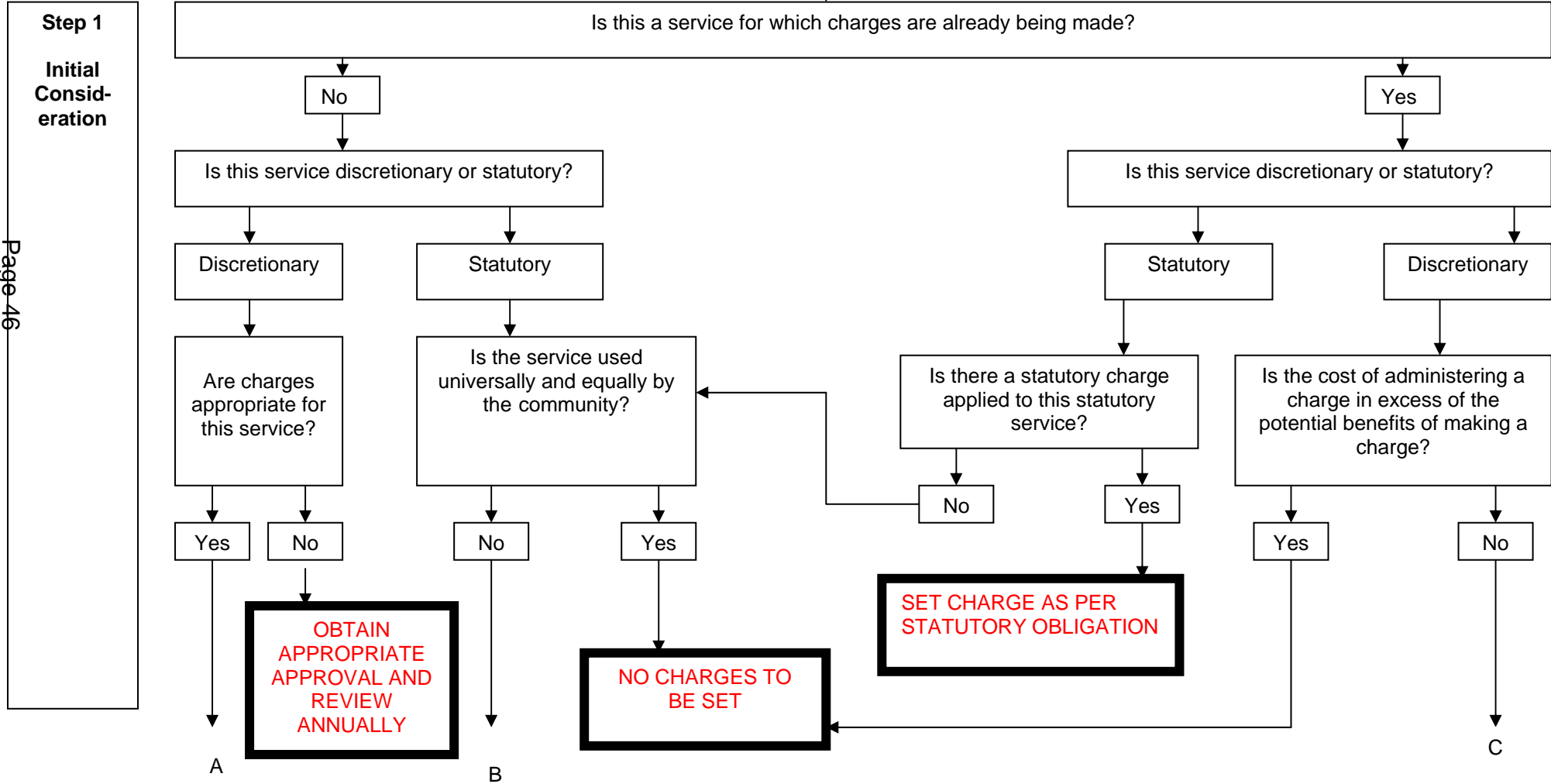
13. WAIVERS

- 13.1 Waivers of individual charges shall only be given in exceptional circumstances and shall be appropriately documented and justified, taking into account the administrative burden involved relative to the value of the waiver.
- 13.2 Where the waiver of charges adversely impacts on the budget position of an Area Committee Function the appropriate Area Committee shall be consulted prior to the charge being waived.
- 13.3 Service Managers will authorise de minimus write-offs of less than £5.00.
- 13.4 Any individual or cumulative waiver up to the value of £5k for a single service user shall be authorised by the relevant Director, who shall maintain a record of all waivers and the justification for approving the waiver.
- 13.5 Any individual or cumulative waiver over the value of £5k for a single service user must be approved in advance by the relevant Director or Chief Officer, in consultation with the Director of Resources. A report will be prepared which sets out the reasons why individual or cumulative charges will be waived. The Director or Chief Officer must be able to justify the waiver by documenting how the decision to waive charges supports corporate objectives, values, priorities and strategies. A pro-forma for this report is attached at Appendix 2.

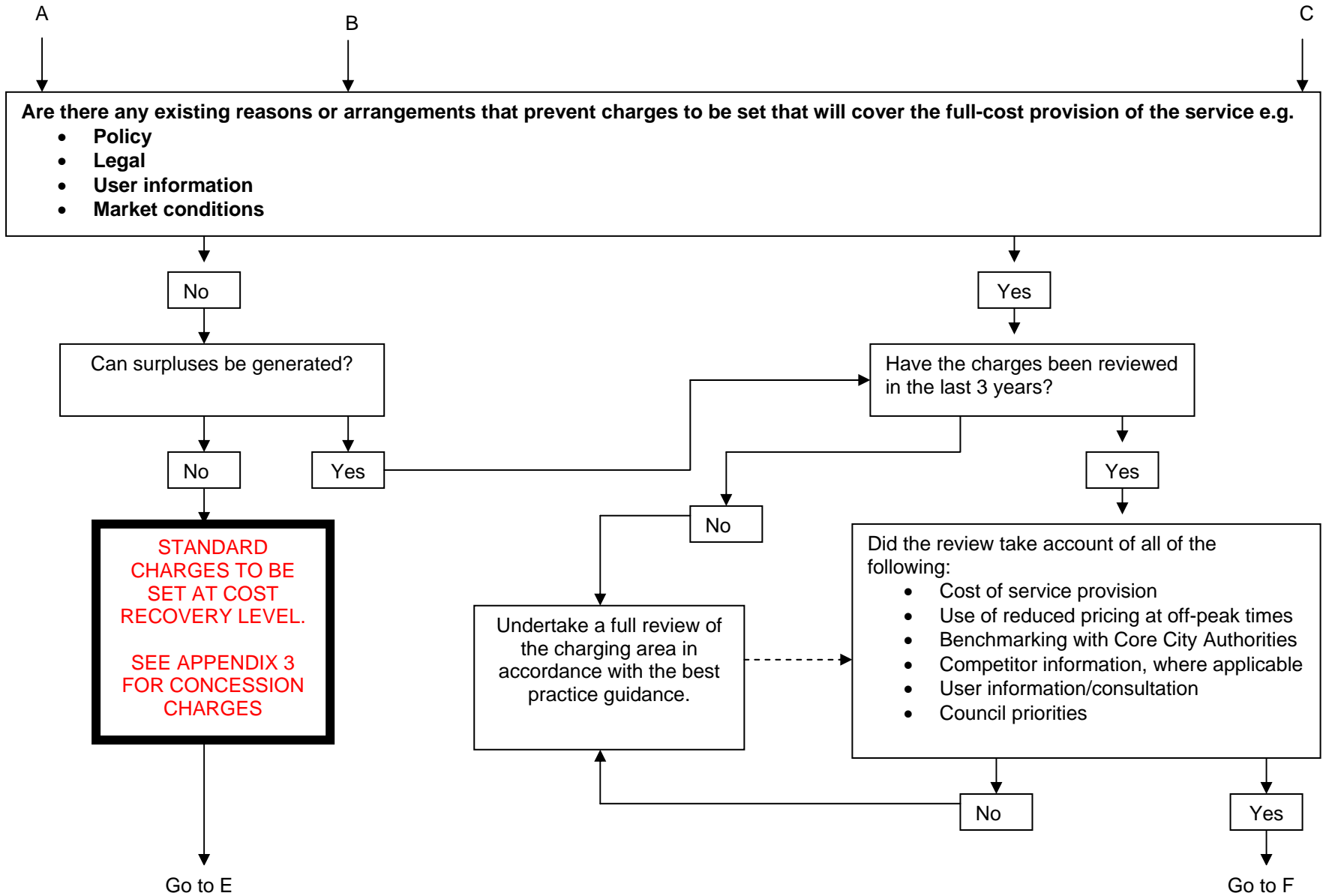
13.6 All waivers shall be reported to the Director of Resources on an annual basis. The report will be in summary format of number of waivers and value in type and value bands in a manner determined by the Director of Resources.

FEEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 1

SETTING OF STANDARD FEES AND CHARGES



Step 2
Setting
the
charge





Originator:

Tel:

**FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 2
REPORT TO WAIVE FEE / CHARGE**

Report of :

Meeting:

Date of meeting:

SUBJECT:

This Report is for;

Discussion Only

Information Only

Advice/consideration
prior to taking a Key
or Major decision or
reporting to a Committee

Decision to be taken by:

Full Council

Corporate Governance and Audit
Committee

Executive Board

Standards Committee

An Area Committee

Member Management Committee

A Regulatory Committee

A Director using delegated authority

EXECUTIVE SUMMARY

1.

1.0 PURPOSE OF THIS REPORT

1.1 *(Give a brief explanation as to what the report is for)*

2.0 BACKGROUND

2.1 *(Sufficient emphasis in the report should be placed on giving the Director the necessary background information on the scheme).*

3.0 REASON FOR WAIVER OF FEE / CHARGE

3.1 *(The report must give the reasons why a request to waive an individual or cumulative fee or charge is being made. Sufficient information must be included to enable the Director to make a decision. If required, the Council's Fees and Charges Policy and associated Best Practice Guidance can be accessed from the Council's Intranet site.*

Details of the individual or organisation should be included together with the level of the fee or charge.

The report must demonstrate that exceptional circumstances exist and that the waiver can be justified and supports corporate objectives, values, priorities and strategies).

4.0 CONSEQUENCES IF THE PROPOSED ACTION IS NOT APPROVED

4.1 *(A statement must be included which informs the Director of the consequences of the proposed action not being approved and/or the alternatives should any exist).*

5.0 RECOMMENDATION

5.1 *(A statement must be included which informs the Director of the recommended course of action).*

Supplementary Guidance on Concessions

Introduction

This guidance has been produced following a corporate review of fees and charges across the Council and is in line with the latest advice received from the Audit Commission. The guidance is supported by an accompanying flowchart and sets out the approach to be taken to concessions provided to target groups where the Council has discretion over the amounts charged for services provided.

Variations to the Standard Charge should be approved in accordance with the Fees and Charges Policy and Best Practice Guidance and may be applied to maximise activity levels during off-peak hours. Concessionary charges are based on other circumstances that apply to the individual or group concerned.

Aim of the Guidance

The purpose of this guidance is to provide a consistent approach in setting, monitoring and reviewing Concessions across the authority. This will ensure that greater consistency towards concessions granted to disadvantaged target groups for individual services is achieved and that the fees and charges levied for discretionary services are fair and equitable and support social inclusion priorities. The following Principles apply:

Principles

1. Council Priorities

A Directory of Charges shall be maintained for all charges and concessions where the Council has discretion over the amounts charged for services provided and for trading activities. Accurate user statistics will then enable levels of subsidy being positively provided on social inclusion grounds to be identified separately from other subsidies within net expenditure totals. All decisions on concessions for services and trading activities will be taken with reference to and in support of Council priorities and recorded as delegated decisions, as appropriate.

2. Target Groups

All relevant government guidance should be considered by each service area when concessionary groups and charging levels are set. Concessions should only be granted to the residents of Leeds. A business case should be approved which details the rationale for directing subsidy towards a target group. All concessions should be fully justified in terms of achieving the Council's priorities.

Concessionary Charges may also be made available to organisations whose purpose is to assist the Council in meeting specific objectives in its priorities and policy framework, or which contribute to the aims of key local partnerships in which the council has a leading role.

3. Level of Concessions

The level of concession should be set with regard to the service being provided and its use and appeal to the groups for whom concessions are offered.

4. Approval

The Director or Chief Officer, in consultation with the Director of Resources, will approve the level of concession and the groups for whom the concessions apply once all budgetary and other relevant information for the service has been considered. The level of concession and the target groups in receipt of the concession should be made explicit during the approval process and be fully justified in terms of achieving the Council's priorities.

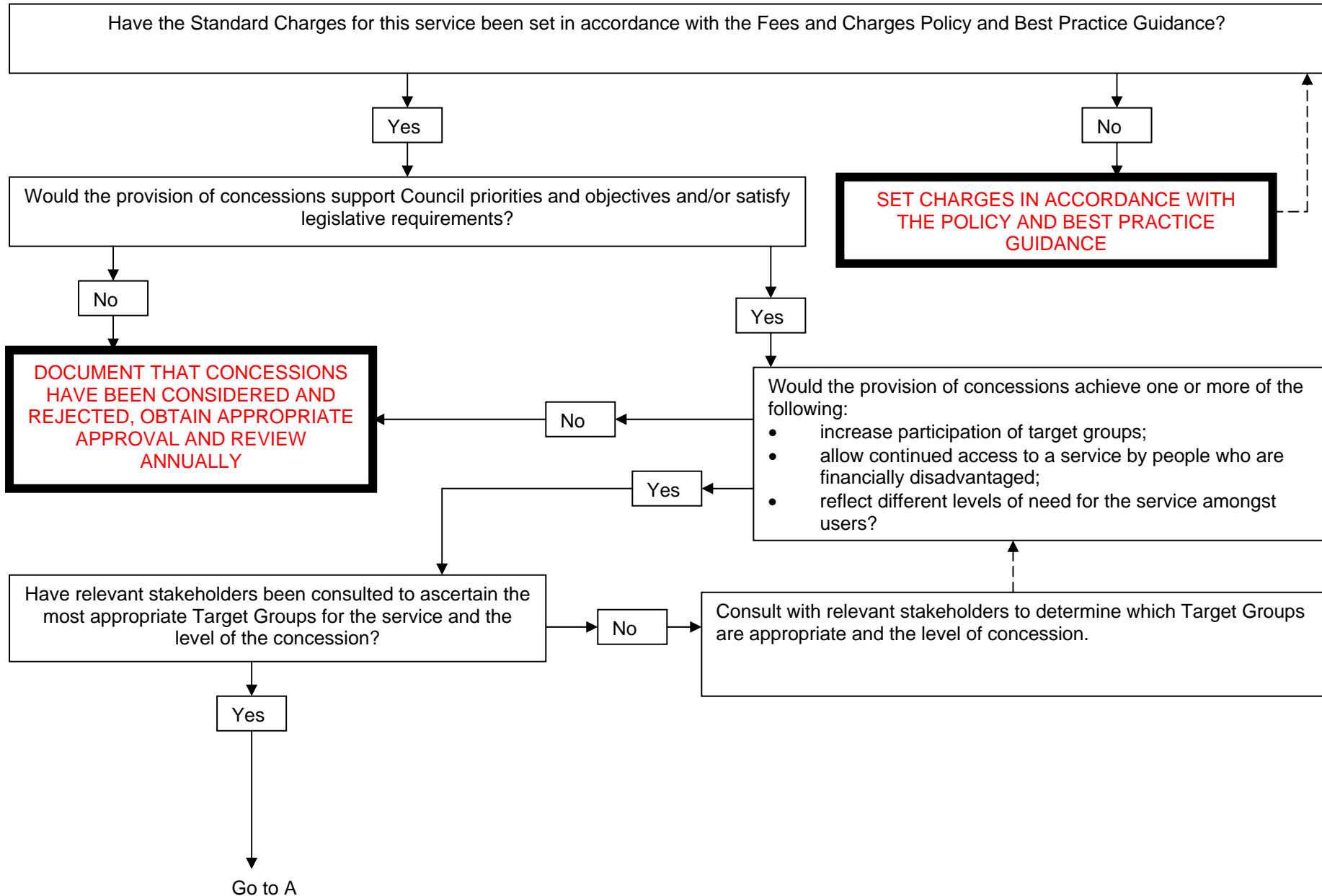
5. Monitoring

The take-up of concessions should be monitored to identify how well concession schemes are promoting access to facilities.

6. Review of Concessions Guidance

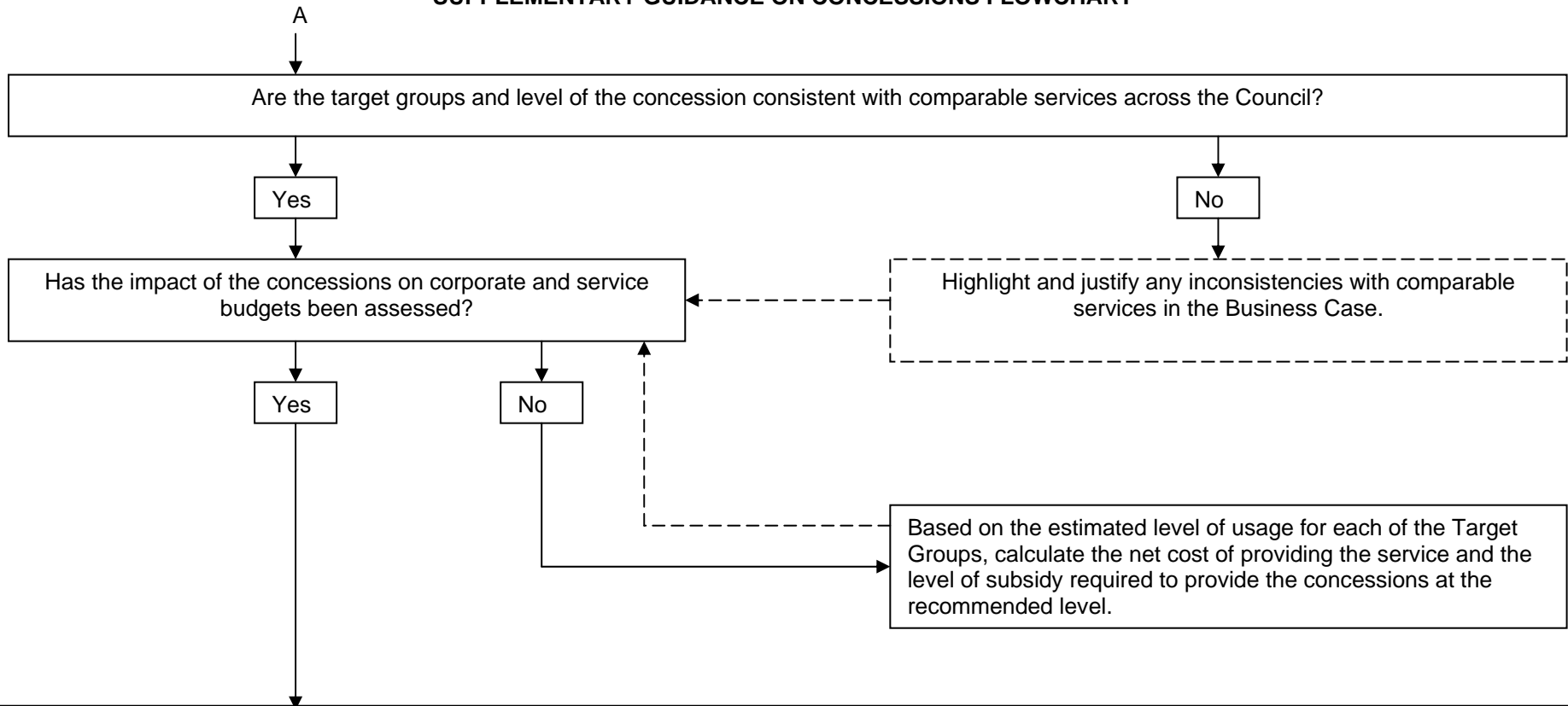
This guidance shall be reviewed and updated on an annual basis.

FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 3
SUPPLEMENTARY GUIDANCE ON CONCESSIONS FLOWCHART



FEES AND CHARGES BEST PRACTICE GUIDANCE APPENDIX 3

SUPPLEMENTARY GUIDANCE ON CONCESSIONS FLOWCHART



- **UPDATE DIRECTORY OF CHARGES**
- **OBTAIN APPROVAL FOR THE BUSINESS CASE WHICH DETAILS THE RATIONALE FOR DIRECTING THE PROPOSED LEVEL OF SUBSIDY TOWARDS A TARGET GROUP. THE BUSINESS CASE MUST BE EXPLICIT IN TERMS OF THE TARGET GROUPS THAT ARE RECOMMENDED TO RECEIVE THE CONCESSIONS AND THE LEVEL OF SUBSIDY THE COUNCIL IS PROVIDING TO FUND THE CONCESSIONS.**
- **MONITOR THE TAKE-UP OF CONCESSIONS AND IDENTIFY HOW WELL CONCESSION SCHEMES ARE PROMOTING ACCESS TO FACILITIES**