

Audit Committee – 26th July 2007

5. Waiving of Standing Orders

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Purpose of the Report

To provide members of the Audit Committee with a summary of the various waivers given since the last report issued by the Procurement Manager in June 2006.

Recommendation

That the Audit Committee note the report and comment as appropriate.

Background

As the efficiency agenda starts to take effect and the understanding of the whole procurement process is better understood it will, from time to time, be necessary to deviate away from old and established procedures. In time these procedures may need to be amended or changed to align with the new procurement culture being pursued via the National Procurement Strategy and the Efficiency agenda. In support of this a set of procurement rules has been produced and a simplified set of Contract Standing Orders. However the current arrangements where officers have to seek out the Corporate Procurement unit for advice and dispensation is still working well in providing much needed insight into procurement and contracting issues within devolved service budgets.

Under Financial Procedure Rules (section 4.1) in force during this time, the Procurement and Support Services Manager had delegated authority to allow dispensation from the requirement to obtain quotations for purchases below £50K. Where I have been asked for advice in such matters I have summarised such requests in this report.

A review is under way in relation to Contract Standing Orders and Financial Procedure Rules so that both procedures are aligned with emerging best practices and are easier to use and understand. Draft procurement procedure rules have been produced together with a revised set of Contract Standing Orders, which needs to be read in conjunction with the procurement procedure rules document. Both documents are currently going through Management approval and will be presented to Audit Committee members for comment, prior to submission to District Executive for approval and adoption.

Once adopted a series of familiarisation and training workshops will be provided so as to ensure a greater degree of understanding.

The Procurement Manager offers his professional opinion under delegated authority and has done so in 18 instances in the last year.

Standing Orders for Contracts

During the period May 2006 to April 2007 the Procurement and Support Services Manager has not been involved in requests where contract procedure rules needed to be waived. However advice was given to the Economic Development Officer that if time was of the essence in making changes to the Innovation Centre, Yeovil then the appointment

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of the retained building contractor, would require exemption from Contract Standing Orders.

This was given at District Executive on the 7th September 2006, however due to changes in the project the exemption was never used and a full open tendering situation was adopted.

Waiving of Financial Procedure Rules

For orders below £50,000, the Procurement and Office Services Manager exercised exemption to Financial Procedure Rules on behalf of the Assistant Chief Executive/Head of Finance. In the period May 2006 to the end of April 2007 the following exemptions were given:-

Reason	Total no. of exemptions	
1. Use of specialist supplier (with either clear commercial benefits or some degree of competition)	23 (05/06)	(06/07) 9
2. Continuity from a previous supplier	11	5
3. Insufficient time	3	3
4. Contract extension	2	1

Whilst it can be seen that the total number of exemptions under financial regulations has significantly decreased over the last year. It is probably too early to draw any major conclusions from this, as contracts may often run for periods of more than 12 months, and its not untypical to find contract renewals cycling up and down in terms of volume.

Certainly if this trend of seeking out corporate procurement advice continues in a downward trend, some action may be required to understand and address the issue.

The issue of the new Procurement Rules and simplified Contract Standing Orders should assist in this area.

All of the exemptions given under delegated authority had a “ Best value “ element to them, that clearly indicated that in seeking further competition was going to deliver higher cost to the council proportionate to any savings that a lowering of the price may achieve.

Background Papers: *Report to Audit Committee 29th June 2006*
