

Audit Committee – 25th October 2007

6. Progress on Standing Orders for Contracts and a New Set of Procurement Procedure Rules

Head of Service: Rina Singh, Corporate Director (Communities)
Lead Officer: Gary Russ, Procurement and Support Services Manager
Contact Details: gary.russ@southsomerset.gov.uk or (01935) 462076

Purpose of the Report

To update members of the Audit Committee with progress so far on producing a new set of Standing Orders for Contracts and a more detailed set of Procurement Procedure Rules that sit alongside the CSO (Contract Standing Orders). To give the Audit Committee an early opportunity to comment on the attached documents.

Recommendation

It is recommended that the Committee

- (1) comment on the attached documents;
- (2) approve in principle the draft documents, subject to amendment by Management Board and approval by District Executive and full Council.

Background

The National Procurement Strategy (NPS) together with a number of national reports on procurement and best value in local government have highlighted the need for councils to modernise rules and procedures relating to contracts and tendering. This was a critical activity identified within the Byatt report on procurement practices in local Government back in 2001/2. Byatt identified that in a lot of cases CSO and procurement rules had been written back in the days of CCT (Compulsory Competitive Tendering) and had not in most cases been renewed or amended since. Many were acting as a disabler to good and modern procurement practices.

Therefore the Byatt recommendations were endorsed and supported by DCLG and the responsibility for modernizing such rules was left with the respective councils to bring their own rules in line with the guidance given.

Report Detail

Attached to this report (pages 57-90) are two new documents, which have been produced to replace previous guidance that was contained within the Standing Orders for Contracts and the Financial Procedure Rules. All sections within the Financial Procedure Rules that previously dealt with procurement or contracts have been removed. This was felt necessary so that officers only had one place to go for guidance and advice as to what they should or should not do in a procurement situation, as it was felt to be confusing and misleading that information was contained in many different documents.

In short the two documents are in fact part of a set of three. The CSO document is short and a de-minimus set of rules the officers need to consider when letting contracts in a modern organisation.

The second is a more detailed document giving officers much more information and guidance than can be contained within the CSO. The Procurement Procedures Rules give the context in which the CSO operate. The third document in the set will be a procurement guide, dealing with more general principles.

In essence both documents try and seek to give the officers more freedoms in which to carry out their respective duties whilst recognizing the need to encompass best value principles. Both documents seek to ensure that the officer is supported in considering the cost to the council in making procurement decisions.

The financial thresholds have in general been increased in line with recommendations and are a direct recognition of today's values in relation to the cost of goods and services.

It was often commented on by officers that the previous rules appeared to reside without any real context, which often made it very difficult for the officer to relate the rules to the particular circumstance in which they were trying to apply them. To assist officers in this regard the full procurement procedures rules have been produced which gives much more detail around the application of the CSO.

Therefore the two documents should be read and considered in conjunction with one another. The documents have been drafted taking into account the latest guidance and best practice.

Members should, however, be aware that by the very nature of the subject these documents cover, they are very technical and impact on a number of legal areas. For these reasons the Head of Legal and Democratic Services is reserving the right to comment separately on the technical content of the two attached documents. For completeness the draft documents will need to go back to Management Board before commencing to full adoption. At the Management Board review of these documents it is hoped that I can consider changes requested by Audit Committee alongside those required from the Head of Legal and Democratic Services, as this will be the most expedient way of moving forward.

Financial Implications

None directly, although it is hoped that the adoption of a more modern and realistic set of rules will allow for a more efficient process in relation to procurement at the Council. The adoption of such a set of rules is seen as fundamental to our approach to greater efficiencies.

Implications for Corporate Priorities

A number of critical activities in support of objective one can or would be impacted by the adoption of these new rules and guidance. Conversely not modernizing the CSO will or could result in SSDC finding it a little harder to achieve its year on year efficiency savings.

Other Implications

The modernisation of our CSO and the production of guidance in connection with their application forms part of our Procurement Strategy and sits as a specific action item within the action plan attaching to the Procurement Strategy.

Background Papers: *Existing Contract Standing Orders*
Financial Procedure Rules
Procurement Strategy
