

6. Procurement Procedure Rules

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Purpose of the Report

To update members of the Audit Committee with regard to the proposed amendments to the Council's Procurement Procedure Rules.

Recommendations

- (1) To note that the changes requested at the meeting of the Audit Committee on the 28th May 2009 have been incorporated into the revised Procurement Procedure Rules;
- (2) to note the reason why the Committee's recommendation regarding item 10.7(a) (Purchase Orders) could not be amended in line with the Committee's request;
- (3) that Council be recommended to approve the revised Procurement Procedure Rules as attached at pages 21-55 of the agenda;
- (4) to approve the delegation of future updating of service teams and job titles to the Head of Procurement and Support Services.

Background

During the meeting of the Committee on the 28th May 2009 members considered in detail all the changes to the Procurement Procedure Rules and took the opportunity to re-acquaint themselves with much of the document. During this exercise members of the Committee posed questions to the Head of Procurement and Support Services and sought clarification and or adjustment to the rules over and above those being offered. Many of the points raised were seeking clarification in terms of intention behind the words. The officer was in most cases able to offer clarification and on the whole members were satisfied with the responses given by the Head of Procurement and Support Services.

Report Detail

Two fundamental issues remain, however, as I have been unable at this time to accommodate the Committee's request, in full.

9.5(b) (ii) Instructions to Tenderers.

In this case the basis of the issue is that offers made by contractors to the Council should remain open for a period of at least 90 days. Committee members felt that this was unrealistic in these times and trading conditions and that in fact it was likely to deter suppliers from submitting bids. The Head of Service agreed that this may well be a possibility and had attempted to change this to a 60 day period.

However, advice from the Head of Legal and Democratic Services was that the 90 day period reflected the real needs of the council and should remain. The Committee was of the view that, as a compromise, the word “preferred” be inserted in the sentence giving suppliers the choice of complying or not. However, this may put the bidder at risk of being disqualified.

Officers should in such situations where the supplier has preferred to submit a bid with less than 90 days, attempt to negotiate extended terms if it looks as if the bidder would benefit and the council would benefit from an extension to the fixed term offered.

10.7 (a) Purchase Orders

As requested by the Committee the Head of Procurement and Support Services has attempted to negotiate a stronger position regarding the use of Purchase Orders being mandatory in all cases with an exemption for utilities etc. However, the Head of Finance remains of the opinion that this would cause unnecessary additional work for officers at this time and as we have an audit trail via the invoice we do not see a critical business need at this time. The Head of Finance is, however, in principle, supportive of making the use of Purchase Orders mandatory but feels that we need to move to this position once the system has been streamlined to make the use of Purchase Orders a more efficient and effective process.

Summary

All other amendments and corrections to the Procurement Procedure Rules have been accommodated into the revised document.

In addition it is requested that the Head of Procurement and Support Services be given delegated authority to change team/service titles and job titles as changes occur. This will ensure that the document can be updated to reflect the most up to date staffing structure.

Financial Implications

None directly, although the enforcement and understanding of “The Procurement Procedures Rules” should lead to greater purchasing power and greater efficiencies. These rules need to be considered in conjunction with the Financial Procedure Rules, which form a major part of how we spend and deploy cash resources.

Background Papers: *Existing CSO*
 Financial rules
 Procurement Strategy
