

## PROCUREMENT RULES, REGULATIONS & CONTRACT STANDING ORDERS – WAIVERS 2012/2013

### 1. INTRODUCTION

- 1.1 The Council’s Procurement Rules, Regulations and Contract Standing Orders were approved by Cabinet on 3<sup>rd</sup> April 2013.
- 1.2 The Procurement Rules, Regulations Contract Standing Orders provide the rules to be followed for the procurement of goods, services and works and ensure that the Council complies with Procurement Legislation whilst obtaining Value for Money in Purchasing.
- 1.3 Procurement Rules, Regulations Contract Standing Orders must be followed by all individuals responsible for Procurement for, or on behalf of the Council.
- 1.4 The Regulations provide for limited exceptions to the prescribed rules which include the following:
- Procurement through a Consortium or Agency arrangement that the Council is a member of
  - Purchase of Proprietary items
  - Insolvency of Supplier or Contractor
  - Appointment of specialist experts for legal matters and legal proceedings
  - Appointment of Counsel by Legal Services.
- 1.5 Where the above exceptions do not apply and a Procuring Officer has a valid reason for not complying with the Regulations, an application for a waiver may be submitted for approval. The following table shows the level of Approval Required for Waivers:

Value of Contract	Approval Required
£0 - £10,000	Head of Service
£10,000 – EU Procurement Levels	Head of Service and any member of EMT
EU Procurement Levels and Above *	Chief Executive

\*EU Procurement Rules cannot be waived; this only applies to the waiving of the Council’s Procurement Rules, Regulations and Contract Standing Orders.

- 1.6 Applications for waivers are reviewed by Internal Audit prior to submission for authorisation. Where waivers are granted, Internal Audit agrees the action to be taken in future by the service, to ensure the Regulations are complied with.
- 1.7 All applications for a waiver against the Regulations are reported annually to the Audit Committee.

## **2. WAIVERS GRANTED 2012/2013**

- 2.1 Internal Audit received 12 applications for a waiver against the Procurement Rules, Regulations and Contract Standing Orders between 1 April 2012 and 31 March 2013. The value of the waivers totalled £977,867. These waiver applications are detailed in Appendix 1. This compares with 14 applications submitted during 2011/12 totalling £610,291.
- 2.2 During 2012/13 the Council procured approximately £20,300,000 of goods, works and services. The amount waived during the year (£977,867) represents 4.8% of the Council's total spend.
- 2.3 There were no waivers that were refused during the year. However, two were retracted as a waiver was not required.
- 2.4 Two waivers received in 2012/13 were over £100,000 each in value. These were as follows:
- Coastal physical modelling – The Coastal Protection Act have funded preliminary studies into reducing regional flood and erosion risk from wave action on the Channel Coast. As part of this, Coastal required a large scale physical model for the testing of beaches in specialist facilities in the UK. The value of the contract was £130,000.
  - Development of four affordable homes in Milford on Sea - The Council's Housing Strategy includes a desire to increase the stock of affordable homes owned by the Council. An opportunity arose to acquire four affordable houses in Milford on Sea. A single developer owned the land and had planning permission to build the affordable houses. The value of the contract was £685,000.
- 2.5 The remaining 10 waivers granted were valued between £0 and £33,580. The reasons for granting these waivers are outlined in Appendix 1.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 Procurement Rules, Regulations and Contract Standing Orders ensure that the most economically advantageous price is obtained in Procurement. Waivers sought need to demonstrate that where tenders or quotations are not obtained, that Value for Money can still be demonstrated.

## **4. ENVIRONMENTAL IMPLICATIONS**

- 4.1 Procurement Rules, Regulations and Contract Standing Orders provide for tender evaluation models to include environmental and sustainability policies.

## **5. CRIME AND DISORDER IMPLICATIONS**

- 5.1 Procurement Rules, Regulations and Contract Standing Orders provides procedures to limit the risk of collusive tendering (bid rigging).

## **6. EQUALITY & DIVERSITY IMPLICATIONS**

6.1 None.

## **7. RECOMMENDATION**

7.1 That the Audit Committee note the Waivers to the Council's Procurement Rules, Regulations and Contract Standing Orders approved during the financial year 2012/2013.

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### **Background Papers**

Audit files supporting the Waivers.

**WAIVERS GRANTED AGAINST STANDING ORDERS 2012/13**

**APPENDIX 1**

<b>Date</b>	<b>Service</b>	<b>Lead Officer</b>	<b>Contract</b>	<b>Reasons</b>	<b>Granted by</b>	<b>Value</b>
03-Apr-12	Customer & Financial Services	Auditor	Management of the Council's Approved List of Suppliers.	Only one supplier that meets the Council's Contract Standing Order requirements.	Head of Property Services and Executive Director	£ 10,500
24-May-12	Planning & Transportation	Building Control Manager	Remedial works of building in High Street Lyndhurst.	Urgent works need to be carried out.	Head of Planning and Transportation and Executive Director	£ 25,000
22-Jun-12	Planning & Transportation	Head of Planning and Transportation	SLA for procuring ecological advice from the NPA.	Partnership working with the NPA.	Head of Planning and Transportation and Executive Director	£ 31,500
13-Aug-12	Property Services	Building Surveyor	Eling Tide Mill - Replacement of Pit Wheel.	Specialist contractor.	Head of Property Services and Executive Director	£ 8,610
13-Aug-12	Property Services	Building Surveyor	Legionella Remedial Works.	Specialist contractor.	Head of Property Services and Executive Director	£ 20,000
14-Aug-12	Environment Services	Head of Environment Services	Supply of Vehicles.	Not to undergo seal as vehicles have a maximum economical life of 7 years.	Head of Environment Services and Executive Director	£ -
09-Aug-12	Property Services	Coastal Project Manager	Physical model testing.	Specialist contractor	Head of Property Services, Executive Director and Chief Executive	£ 130,000
01-Feb-13	Housing Services	Head of Housing Services	Development of four affordable homes in Keyhaven and Milford on Sea.	Use of Section 106 monies for affordable housing in Milford on Sea.	Head of Housing Services, Executive Director and Chief Executive	£ 685,000
07-Feb-13	Property Services	Building Surveyor	Eling Tide Mill – Replacement of floor to upper mill race.	Specialist contractor.	Head of Property Services and Executive Director	£ 16,677
28-Feb-13	Property Services	Building Surveyor	Intruder Alarm Servicing & Maintenance	Extension of current contract.	Head of Property Services and Executive Director	£ 10,000
18-Mar-13	Planning & Transportation	Principal Engineer	Marsh Lane Cycle Route	Extend current contract to include the cycle lane route at Marsh Lane.	Head of Planning and Transportation and Executive Director	£ 33,580
18-Mar-13	Environment Services	Head of Environment Services	Ringwood Depot Resurfacing	Two quotes instead of three due to lack of suppliers.	Head of Environment Services and Executive Director	£ 7,000