

PROCUREMENT RULES, REGULATIONS & CONTRACT STANDING ORDERS – WAIVERS 2013/2014

1. INTRODUCTION

- 1.1 The Council's Procurement Rules, Regulations and Contract Standing Orders were approved by Cabinet on 3rd 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 detailed in this report have been reviewed by Internal Audit prior to submission for authorisation. Where waivers are granted, Internal Audit has agreed 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 2013/14

- 2.1 Internal Audit received 24 applications for a waiver against the Procurement Rules, Regulations and Contract Standing Orders between 1 April 2013 and 31 March 2014. The value of the waivers totalled £ £543,713. These waiver applications, together with the values

and reasoning are detailed in Appendix 1. This compares with 12 applications submitted during 2012/13 totalling £977,867. In addition, a single waiver for 2012/13 totalling £19,195 was received during 2013/14 and has been included within Appendix 1.

- 2.2 The value of the waivers has reduced by approximately 50%, however the number of applications doubled in the year. Internal Audit believe this is due to more officers following the waiver process after extensive training that was carried out in April/May 2013.
- 2.3 There were no waivers that were refused during the year and no waiver was over £100,000 in value.
- 2.4 During 2014/15 a new process has been implemented, paper application have been ceased, with an online e-form having been developed. The ICT system automatically directs the waiver the relevant approver as well as requiring more mandatory data to be submitted. The process will be updated to ensure internal audit can view applications at each stage.

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 directly arising from this report.

7. RECOMMENDATION

- 7.1 That the Audit Committee notes the Waivers to the Council's Procurement Rules, Regulations and Contract Standing Orders approved during the financial year 2013/2014.

For further information please contact:

Glenda Chambers
Senior Auditor
Tel: 02380 285588
Email: Glenda.chambers@nfdc.gov.uk

Naomi Kitcher
Auditor
Tel: 02380 285588
Email: Naomi.kitcher@nfdc.gov.uk

Background Papers

Audit files supporting the Waivers.

WAIVERS GRANTED AGAINST STANDING ORDERS 2013/14
APPENDIX 1

Date	Directorate	Officer	Contract	Standing Order Number Waived	Reasons	Outcome	Granted By	Value (£)
02-May-13	Property Services	Assistant Building Surveyor	Replacement of Conferencing system at LTH Council Chamber	SO19	Consistency of systems used at LTH and ATC.	Granted	Executive Director & Head of Property Services	16,800.00
04-May-13	Leisure Services	Facility Manager	Replacement of electronic lock mechanisms for lockers at Totton H&L.	SO19	Locks are only supplied by one company.	Granted	Head of Leisure & Employment	7,500.00
08-May-13	Property Services	Building Surveyor	Consultancy services for Eling Tide Mill - Electrical Turbine Generator.	SO19	Limited number of suppliers	Granted	Executive Director & Head of Property Services	15,000.00
28-May-13	Environment Services	Head of Environment Services	Replacement of 5 Gang Ride-on Mower.	SO19	Ex-demo machine is cheaper than buying from new. Also can utilise part exchange on the current mower.	Granted	Executive Director & Head of Environment Services	26,500.00
31-May-13	Property Services	Building Surveyor	Fire Alarm Replacement - ATC	SO81	Additional works required to comply with Fire Regulations.	Granted	Executive Director & Head of Property Services	10,593.00
17-Jun-13	Planning & Transportation	Planning Policy Manager	Strategic Housing Market Assessment for NFDC and NPA.	SO19	Consultant has undertaking assessments for members of Partnership of Urban South Hampshire.	Granted	Executive Director & Head of Planning and Transportation	13,260.00
13-Jun-13	Public Health & Community Safety	Environmental Health Manager	Air Quality Data Management & Website Provision and Management.	SO19	Extend current contract for one year to align with the Service Management contract at the four air quality sites.	Granted	Head of Public Health & Community Safety	7,500.00

14-Jun-13	Public Health & Community Safety	Environmental Health Manager	Kennelling & Re-homing of stray dogs.	SO19	Only one provider in the area.	Granted	Executive Director & Head of Public Health & Community Safety	31,000.00
17-Jun-13	Planning & Transportation	Principal Engineer	Totton Cycle Route - Ringwood Road.	SO81	Further funding provided by HCC has allowed stage 2 of the project to be implemented.	Granted	Executive Director & Head of Planning and Transportation	36,141.00
23-Jul-13	Property Services	Estates and Valuation Manager	Hardley Industrial Estate (Unit 8) - Valuation	SO19	Independence	Granted	Executive Director & Head of Property Services	8,200.00
06-Aug-13	Property Services	Maintenance Co-Ordinator	Boiler replacement - Lymington Town Hall	SO19	Specialist contractor.	Granted	Executive Director & Head of Property Services	6,853.77
29-Aug-13	ICT Services	Head of ICT	Storage Area Network Facilities	SO19	Asked six vendors for expressions of interest. Only two were prepared to enter PQQ and ITT stage.	Granted	Executive Director & Head of ICT Services	100,000.00
28-May-13	Environment Services	Head of Environment Services	Purchase of replacement bank tractor	SO19	Specialist item.	Granted	Executive Director & Head of Environment Services	62,000.00
30-Sep-13	Property Services	Trainee Engineer	Sewage treatment plant installation.	SO19	Only two quotes returned.	Granted	Executive Director & Head of Property Services	12,000.00

30-Sep-13	Leisure & Employment Services	Group Operations Manager	Installation of swipe card access turnstiles.	SO19	Quotes were sought however value of contract should have been tender exercise. If tender exercise now undertaken it would exclude contractors who have provided quotes and there is a limited number of contractors producing the equipment required.	Granted	Executive Director and Head of Leisure and Employment	40,413.00
17-Oct-13	Property Services	Senior Surveyor	Appletree Court North Wing Roof Refurbishment	SO81	Additional works required for structural repairs to roof.	Granted	Executive Director & Head of Property Services	15,000.00
18-Nov-13	Housing & Customer Services	Revenues Manager	Council Tax Billing	SO19	Short timescale to tender works.	Granted	Executive Director & Head of Housing & Customer Services	23,000.00
25-Nov-13	Property Services	Assistant Building Surveyor	ATC - Council Chamber furniture refurbishment	SO19	limited number of suppliers & short timescales to tender works.	Granted	Head of Property Services	6,873.00
10-Dec-13	Environment Services	Head of Environment Services	Groundwater Surveys for the provision of new cemeteries	SO19	Only one supplier can undertake the works	Granted	Executive Director and Head of Service	5,950.00
31-Dec-13	Environment Services	Head of Environment Services	Purchase of Replacement Ride on Flail Collector Mower	SO19	Specialist type of collector mower	Granted	Executive Director and Head of Service	40,000.00
27-Feb-14	Property Services	Senior Procurement Officer	Air Products Cryoservice - Liquid CO2 for Leisure Centres	SO19	Existing company monopoly on the market. Air products have bought out all other companies who were in competition with them.	Granted	Executive Director and Head of Service	27,000.00
21-Aug-13	Leisure & Employment Services	Facility Manager	Painting of Pool Hall viewing balcony rails and surrounding woodwork	SO19	Building renovation at NMHL. Additional works to paint pool hall and external works need to be completed by end of contract period, if different contractor used would have to wait until after contract period.	Granted	Executive Director and Head of Service	7,800.00

28-Feb-14	Public Health & Community Safety	Head of Public Health and Community Safety	Provision of a Domestic Homicide Review into the death of "CC"	SO19	Specialist works - Only 3 contractors identified. 1 has no previous history and 1 has previous links with Hampshire Constabulary therefore fails the independence test. Therefore last contractor only feasible choice.	Granted	Executive Director	10,000.00
28-Mar-14	Property Services	Senior Procurement Officer	Washroom Services	SO19	Quotations requested via SE Business Portal from 5 suppliers, only 2 submissions received. Would like to award to supplier with best price from the two received.	Granted	Executive Director	14,330.00
13-Mar-12	Property Services for Leisure Services	Head of Property Services	Building Management System Servicing and Call Outs	Old 6.4.2	Request to only seek a single written quote rather than three.	Granted	Executive Director	£19,195