

CONTRACT STANDING ORDERS (CSO) REVIEW

1. PURPOSE

- 1.1 The purpose of this report is to seek Cabinet approval of the revised Contract Standing Orders which will go forward to full Council for approval.

2. BACKGROUND

- 2.1 Contract Standing Orders (CSO) were last revised in 2015 following updates to the UK/EU Public Contracts Regulations 2015. At that time we had a Central Purchasing Team and we did not operate an electronic tendering system.

During 2015/16 a review of the Procurement process led to the restructuring of the Procurement team and the implementation of the Centre Led procurement model, under which all tenders are now administered electronically and low level day-to-day spend is devolved to services via a network of purchasing coordinators.

- 2.2 The Executive Management Team received a Procurement update on 16 Oct 2017 which included proposed changes to the Contract Standing Orders. The Executive Management Team requested that the proposed revisions be presented to the Corporate Overview and Scrutiny Panel. This was completed on 16 November 2017 where the Panel fully supported the approach and noted that a report would be submitted to the Cabinet seeking formal authority for changes to the Contract Standing Orders to reflect the new arrangements. The Executive Management Team approved the current draft of CSO's on 16 January 2018.

3. KEY CHANGES TO CONTRACT STANDING ORDERS

- 3.1 It is proposed that the financial values for CSO's be increased as set out in Annex 1 below.
- 3.2 It is also proposed that the CSOs should be adapted to reflect the new centre-led procurement organisation and related business process.
- 3.3 Revisions are also proposed to follow the procurement activity and therefore provide more targeted guidance to Officers at each stage of the process.
- 3.4 As part of the CSO review, the following contract threshold values are recommended for revision:
- a) Low value contracts: Increase the low value contract threshold from £5k to £15k to provide Service Managers with more autonomy to make business decisions.
 - b) Advertising threshold: increase the threshold at which contracts are "openly" advertised from the current 25k to a revised £50k. This will allow for contracts up to £50k to be "restricted" to local economy suppliers via direct invitation. The option to switch from restricted to open procedure would still be available to widen the competition, as required. This approach has been used by other Local Authorities across the UK. The Procurement Team will oversee ALL restricted quotations to vet

the supplier selection process and ensure best value and service considerations are in place. EU thresholds remain unchanged (Goods & Services contracts £181k; Works contracts £4.551M).

3.5 Due to the devolved authority provided for under our CSOs it is suggested that the "Gateway Review" process is simplified and revised to ensure that ALL procurement projects above £25k :

- a) Are properly defined, budgeted and project managed
- b) That effective communication is established
- c) That roles and responsibilities are identified and assigned
- d) That opportunities and risks identified

3.6 The proposed revised Contract Standing Orders are attached as Appendix 1 to this report.

4. CONCLUSIONS

4.1 Procurement operates in a complex legal framework set by the UK Government and the European Union. All local authorities are required, by law, to draw up a set of Contract Standing Orders (CSO's) for the procurement of goods, services and works in order to achieve competition and to regulate procedures for procurement.

4.2 By following these Contracts Standing Orders in dealing with the Council's procurement, officers can be sure that they have acted in an appropriate manner.

4.3 Contract Standing Orders provide the framework for the procurement of all goods, services and works and must be complied with by all Members, Officers, Consultants and other external Agents appointed to act on behalf of the Council in procurement matters.

5. FINANCIAL IMPLICATIONS

5.1 Through adopting the revised thresholds and associated procedures the Council can realise better procurement decisions based upon the selection of the optimal procurement route. The CSO revisions provide improved local decision making and allow the option of adapting the process should wider competition be of benefit to the Council.

6. CRIME & DISORDER IMPLICATIONS

6.1 There are none.

7. ENVIRONMENTAL IMPLICATIONS

7.1 There are none.

8. EQUALITY & DIVERSITY IMPLICATIONS

8.1 There are none.

9. PORTFOLIO HOLDER'S COMMENTS

- 9.1 Regular reviews of our Standing Orders ensure that they remain relevant and assist, rather than hinder, the smooth operation of this Council. The increases in thresholds proposed within this report enable officers to conduct the business of this Council whilst still maintaining prudent and proportionate financial controls.

10.0 RECOMMENDATIONS

- 10.1 That it be a recommendation to Council that the proposed changes to Contract Standing Orders, as set above, be approved; and
- 10.2 That the Service Manager (Legal) in consultation with the Executive Head of Governance and Regulation be delegated authority to make minor changes to Contract Standing Orders.
- 10.3 That the scheme of delegation of powers to officers be updated to reflect the changes in the revised Contract Standing Orders.

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Background Papers:

Attached - Revised CSO for 2018

Annex 1

CONTRACT STANDING ORDER (proposed changes to contract value)

Current CSO Values	Proposed Contract Value	Type of Procurement	Sourcing Method to be Used
Less than £5,000	Less than £15,000	Best Value Price Check (BV) <i>via desk-top</i>	<ul style="list-style-type: none"> Use a National / Regional Framework, <i>or</i> Use an existing NFDC Corporate contract, <i>or</i> Undertake price checks to demonstrate best value for the Council. Document and retain price checks.
£5,000-£25,000	£15,000 - £25,000	Request for Quotation (RFQ) <i>via desk-top</i>	<ul style="list-style-type: none"> Use a National / Regional Framework. Use an existing NFDC Corporate contract. Invite a minimum of 3 written Quotations via your desk-top (eMail) using templates available from Procurement. OR contact Procurement who will run a “restricted” Quotation via the South East Business Portal on your behalf.
	£25,000 - £50,000	Request for Quotation (RFQ) <i>via Procurement Team</i>	<ul style="list-style-type: none"> Gateway Review to be approved by Service Manager. Discuss with Procurement (Add to Procurement Pipeline). <p>Procurement options are;</p> <ul style="list-style-type: none"> Use a National / Regional Framework. Use an existing NFDC Corporate contract. Work with Procurement who will run a “restricted” Quotation exercise inviting nominated suppliers via the South East Business Portal on your behalf. <i>Note: the use of an “open” Quotation is optional where potential tenderers are unknown.</i>
£25,000 – EU Threshold	£50,000 upto EU Threshold*	Invitation to Tender (ITT) <i>via Procurement Team</i>	<ul style="list-style-type: none"> Gateway Review to be approved by Service Manager. Discuss with Procurement (Add to Procurement Pipeline). <p>Options are;</p> <ul style="list-style-type: none"> Use a National / Regional Framework. Contact Procurement who will fully manage an “open” Tender process via the South East Business Portal on your behalf.
EU Threshold* & above	EU Threshold* & above	Invitation to Tender (ITT) <i>via Procurement Team</i>	<ul style="list-style-type: none"> Gateway Review to be approved by Service Manager. Discuss with Procurement (Add to Procurement Pipeline). <p>Options are;</p> <ul style="list-style-type: none"> Use a National / Regional Framework. Contact Procurement who will fully manage an “EU compliant” Tender process via OJEU and the South East Business Portal on your behalf.

