

AMENDMENTS TO THE COUNCIL'S CONSTITUTION

CONTRACT STANDING ORDERS

Report of the Head of Commercial Services

1. Purpose of the Report

- 1.1 Seeking authorisation for the new Contract Standing Orders (CSOs.) The new Contract Standing Orders reflect the updated commercial roles and practice within the Council.

2. Background

- 2.1 The Council's CSOs are those rules of procedure which the Council wishes to be mandatory which are supplemented by guidance for staff. For the sake of brevity, the CSOs do not set out that which is already law. The current CSOs have been in place for a number of years and no longer reflect best practise nor do they provide an efficient framework for officers to work within. In order to ensure that the Council continues to be commercially effective the new CSOs have been updated to reflect:

- Simpler more accessible language and structure
- The formation of the Commercial Services function within the Council and strengthened commercial procedures and management
- The updated legal framework, both EU law and national law
- Changes in financial thresholds to reflect EU law and the new internal thresholds as managed by the Commercial Services team
- The move to e-procurement technology, i.e. the use of an e-tendering system

3. Key Changes

3.1 Language

The language in the CSOs has been modernised and simplified to ensure that they are accessible and comprehensible to any Council Officer required to procure goods, services or works.

3.2 Commercial Services

Commercial Services was set up in April 2014 to strengthen the Council's commercial and procurement capability. Over 70% of the Council's budget is now spent externally and with further budget pressure we need to ensure that value for money is achieved from every Council pound spent. The Commercial Services team has been set up to:

- Act as a centre of expertise for high value/high risk procurement activity and contract management and, to work collaboratively with other business areas to:
 - Support the commissioning cycle and decision making with better information, analysis and market intelligence
 - Deliver cashable savings from both procurement and contract management activity increasing the contribution to MTC2 and securing better outcomes e.g. social value
 - Increase commercial skills, behaviours and awareness across the organisation.

The CSOs have been updated to reflect the above and are supported by enhanced guidance on the Commercial Service webpages.

3.3 Value Thresholds

The value thresholds have been removed from the CSOs and now refer to the OJEU limits (not the figures themselves) as these change regularly, the current thresholds are £172,514 for goods and services and £4,322,012 for works. The lower thresholds have been updated to reflect the best practise for lower value contracts. Most notably, the 3 quotation threshold has been moved from £15,000 to £75,000 which is considered the appropriate threshold by many local authorities. All the high value/high risk procurements are being managed centrally by the tendering team within Commercial Services and there is strengthened process, governance and guidance for the lower value procurements.

3.4 Electronic Tendering

When the new EU legislation is passed into UK law, electronic tendering will be mandatory. The Council already tendered electronically but this is now enforced through the CSOs which also allows for greater visibility of all contracting within the Council.

4. Recommendation

- 4.1 That the Committee approves the new CSOs and that they are recommended to full Council for adoption.

5. **Appendix 1 – Updated CSOs**

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