

**Meeting:**                   **Audit Committee**

**Agenda Item:**

**Date:**                   **14<sup>th</sup> December 2009**

**6**

## **Contract Standing Orders – Revised**

### **KEY DECISION**

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### **1       PURPOSE**

- 1.1    To obtain Members agreement to the Council's revised Contract Standing Orders.

### **2       RECOMMENDATIONS**

- 2.1    That the Audit Committee approve the revised Contract Standing Orders for recommendation to Council.

### **3       BACKGROUND**

- 3.1    Contract Standing Orders (CSO's) are part of the Council's Constitution and form a framework of rules, which must be adhered to when purchasing goods, services, works, income generating contracts or disposing of Council property. CSO's have been established to ensure that the Council is compliant with UK legislation, follows best practise and achieves best value for money in its procurement activities. They also promote good purchasing practice and public accountability and help protect officers from any complaints.

### **4       REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1    The following key changes to Contract Standing Orders are proposed:
- a)    For the procurement of Works valued between £75,000 and the EU procurement threshold for Works (which is £3,497,000), Contract Standing Orders currently permit officers to draw a list of potential contractors from Constructionline (a government run supplier accreditation programme directed at the construction industry) without the need to advertise. It is proposed that this provision be removed and that All contract opportunities over £75,000 in value are advertised (whether directly, through a purchasing consortium or via an advertised approved list). This improves transparency and may increase SME participation in procurement of Stevenage Borough Council contracts.

- b) All contracts over £75,000 in value with a term of over 24 months will need to be registered with Internal Audit for monitoring updates on financial status. This will help the Council to receive an early warning when strategic suppliers to the Council are in financial difficulty and will allow the Council to put in place appropriate business continuity measures (C.S.O. 5.7.14 and 6.7.12)
- c) The Award Notification Form and Procurement Checklists have been removed as Appendices from Contract Standing Orders and placed on the Intranet (under staff info/procurement). This will allow minor updates to be made periodically. The Award Notification Form has had additional questions added to enable the Corporate Procurement team to create OJEU (Official Journal of the European Union) Contract Award Notices. The EU Thresholds have been updated with the 2008 figures.
- d) The Head of Finance has been added to authorise waivers to Contract Standing Orders. A waiver request register will be maintained by the Strategic Director (Resources) (C.S.O. 3.3 and 3.4)
- e) The permission for the use of BIP Solutions 'Vault' for electronic tendering (secure e-tendering suite managed by Corporate Procurement and opened by Committee Services) has been included (C.S.O. 5.6.1)
- f) For contracts over £75,000 in value, Officers must monitor the performance of the *Supplier* to ensure that requirements of the contract are delivered satisfactorily (C.S.O. 5.8.11). This used to be a requirement only for contracts over the EU threshold.
- g) Following recent case law, Contract Standing Orders have been changed to ensure that checks on financial status only form part of the evaluation at pre-qualification stage. Financial appraisals cannot be used as evaluation criteria at the Invitation to Tender stage (C.S.O. 6.7.10).

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

No direct financial implications have been identified at this time in implementing these revisions.

### **5.2 Legal Implications**

The Contract Standing Orders have been updated to reflect the latest legal requirements.

### **5.3 Policy, Planning, Environmental, Staffing and Accommodation, Human Rights, Equal Opportunities, Service Delivery, Community Safety, Information Technology, Other Corporate Implications**

None identified at this time.

## **APPENDICES**

- Appendix A – The draft revised Contract Standing Orders