

<b>SUBJECT:</b>	<b>Proposed Amendments to the Contracts Procedure Rules</b>	
<b>REPORT OF:</b>	<b>Head of Finance</b>	<b>Rodney Fincham</b>
<b>RESPONSIBLE OFFICER</b>	<b>Head of Finance</b>	<b>Rodney Fincham</b>
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<b>WARD/S AFFECTED</b>	<b>All</b>	

## 1. Purpose of Report

- 1.1 To suggest a number of amendments to the Contracts Procedure Rules. Due to the timing of the publication of the Council agenda, any comments from the Audit and Standards Committee meeting held on 16 July will be verbally reported to Council.

### RECOMMENDATION TO COUNCIL

- 1. The revised Contracts Procedure Rules contained in Appendix A are approved.**

## 2. Reason for Recommendation

- 2.1 The proposed changes are intended to clarify the Contracts Procedure Rules and ensure they remain fit for purpose.

## 3. Scope of Procurement Rules – Para 2

- 3.1 Have clarified that the Contracts Procedure Rules do not apply to:
- The recruitment of temporary / agency staff, or
  - The purchase of land / property.

## 4. Reporting of Exemptions to the Contracts Procedure Rules – Para 16

- 4.1 At present all exemptions to the Contracts Procedure Rules *must be formally approved by Management Team, and shall be reported to the next appropriate Cabinet meeting.*

4.2 The requirement to report to the next appropriate Cabinet meeting is a retrospective control, and by time it is reported it is normally too late to affect any decision.

4.3 To give this control more weight, it is proposed to change it to:

*All exemptions must be formally approved by Management Team, and the appropriate Portfolio Holder informed.*

## 5. Exemptions – Para 17

5.1 An extra bullet point has been added to indicate that an exemption to the Contracts Procedure Rules might be appropriate if an external advisor or organisation has specific specialist knowledge which makes them most suitable for the appointment eg the same consultant has advised on a particular matter previously.

## 6. Spend Thresholds – Section B

6.1 At present a single quote is only required for goods / works up to £5,000, provided the Contract Owner believes that this will offer best value.

6.2 The following table shows the single quote levels for neighbouring authorities.

<b>Authority</b>	<b>Single Quote up to</b>
Wycombe DC	£5,000
Dacorum DC	£10,000
Bucks CC & Oxfordshire CC	£25,000
Aylesbury Vale DC	£30,000

6.3 Obtaining multiple quotes takes time, and can slow down the procurement process. We therefore need to ensure that this extra effort is cost effective.

6.4 The following table shows the number of projects undertaken by the Property Team since 2015 broken down by cost brackets.

<b>Value</b>	<b>No of Orders Raised</b>
£5k - £10k	23
£10k - £15k	18
£15k - £20k	20
£20k - £50k	9
£50k - £100k	9
Over £100k	6

- 6.5 As can be seen the Property Team undertakes a significant number of projects, most of which are relatively low value (in property terms). Any increase in threshold would represent an improvement in ordering efficiency.
- 6.6 The following table shows a sample of quotes obtained for a number of recent works under £20,000.

No of Quotes returned	Lowest Quote	2 <sup>nd</sup> Lowest	Highest
2	£5,000		£7,740
2	£9,975		£20,870
1	£14,766		
1	£12,875		
1	£12,834		
1	£12,859		
2	£15,670		£17,922
3	£18,300	£23,250	£43,290
3	£19,592	£23,005	£41,471

- 6.7 It is therefore proposed to increase the spend threshold for a single quote from £5,000 to £15,000 in order to streamline this process. However, as is already the case, officers will be required to seek more than one quote if they have concerns that a single quote will not deliver value for money.
- 6.8 The CDC and SBDC Audit & Standards Committees may express differing views on the maximum level for a single quote. This could range from £5k to £25k. In order to ensure the procedures are the same for both CDC and SBDC (as most quotes are now joint) we would implement the lowest agreeable level.

## 7. Contract Terms and Conditions – Para 27A

- 7.1 An extra paragraph is also proposed to clarify that if a contract is being awarded under a framework, the Councils will follow the framework terms and conditions.

## 8. Bonds / Parent Company Guarantees – Section CA

- 8.1 A new section has been added covering Bonds / Parent Company Guarantees.

**9. Use of Frameworks – Section CB**

9.1 A new section has been added covering the use of Framework agreements.

**10. Formal Sealed Written Quotations – Paras 38, 39, 45, 49, 50, 52**

10.1 It is proposed to remove the requirements for *Formal Sealed Written* quotations for contracts between £25,001 and £50,000, in order to simplify the rules.

**11. Selecting Organisations to Quote – Section CC**

11.1 A new section has been added covering how to select which organisations should be invited to quote.

**12. Evaluation of Quotations and Tenders – Paras 53, 55, 56**

12.1 It is proposed to simplify the requirements for evaluating quotations and tenders so that a contract owner can evaluate quotes up to £15,000 on their own. It is only for contracts over £15,000 that an evaluation panel needs to be formed.

12.2 It is also proposed to change the terminology from evaluation panel to team, and to clarify the duties of the evaluation team.

**13. Contract Award / Sign Off – Paras 60**

13.1 It is proposed to amend the rules slightly to clarify and simplify these in relation to selecting the successful contractor.

**14. Managing Performance During the Contract Period – Para 78**

14.1 It is proposed to amend the recommendation relating to contract reviews to say. *It is recommended that contract reviews take place at least every 12 months.*

**15. Other Amendments**

15.1 There are also a few other minor amendments proposed to ensure the wording reflects current practice / terminology. All the proposed amendments are shown in tracked changes in the Appendix.

**16. Options**

16.1 Members have the option of not approving the proposed changes to the Contracts Procedure Rules, or indeed proposing other changes.

**17. Corporate Implications**

17.1 There are no direct financial or legal implications.

**18. Links to Council Policy Objectives**

18.1 To conduct its business efficiently a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of Contracts Procedure Rules that set out the Councils' approach to dealing with all aspects of Procurement.

**19. Next Step**

19.1 Any changes to the Contracts Procedure Rules will require the agreement of Council.

19.2 If changes are approved then the Contracts Procedure Rules will be amended and officers of both Councils will be informed of the changes.

<b>Background Papers:</b>	None
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