

REPORT OF
THE CABINET
PART I

REVISION OF CONTRACT STANDING ORDERS

At a meeting on 25 October 2010, the Cabinet considered and approved the proposed revisions to the Contract Standing Orders (CSOs) for recommendation to Council.

The County Council spends some £630m per annum on goods, works and services provided under contract by external suppliers. This includes expenditure across the full range of Council services, including personal social care, property construction and maintenance, waste management, passenger transport, IT equipment and services, cleaning, catering and professional services.

The Council is subject to certain legal requirements regarding the award of contracts. Local government legislation requires the Council to make standing orders with respect to contracts for the supply of goods or materials or for the execution of works, which “provide for securing competition and regulation of the manner in which tenders are invited”. The Council is a contracting authority for the purposes of the EU Public Procurement Directives, and is legally bound to comply with certain practices and procedures in the award of Contracts.

The Council has therefore operated for some years a set of CSOs, included at Part 3:F of its Constitution. These set out the administrative procedures that must be followed in relation to the procurement and award of a Contract. CSOs provide a framework to ensure that the Council uses its resources efficiently in making purchasing decisions to obtain best value in public services. CSOs also provide a means of safeguarding the reputation of the Council and its staff from any implication of dishonesty or corruption.

A review of CSOs has been undertaken, to ensure that these reflect developments in law and practice, and remain fit for present and future business needs. Opportunity has been taken to clarify, streamline, and make processes more efficient wherever practicable. The revised CSOs were given detailed consideration by Audit Committee on 29 September 2010.

The outcome of the review is the proposed revised set of CSOs appended to the Cabinet report of 25 October 2010 which can be accessed via this link: http://www3.hants.gov.uk/councilmeetings/advsearchmeetings/meetingsitemdocuments.htm?sta=&pref=Y&item_ID=2217&tab=2. Copies are also available in the Members’ Rooms. The main proposed changes are listed below:

- A new format and layout to make CSOs more accessible by staff involved in procurement, and to promote greater understanding of how the rules apply in practice.
- The CSOs constitute the minimum standard that must be observed at all times, to ensure that the Council acts lawfully and that staff are protected in the event of allegations of impropriety. Each minimum standard will then

be supplemented by guidance and examples as to how that standard is to be achieved in practice.

- A new definitions section to make it easier to understand the terminology used.
- The section on estimating Contract value, and aggregation, has been expanded, to reflect legal requirements.
- Framework Agreements are given greater prominence, and distinction made between when a Framework Agreement is used as opposed to an Approved List. There is also greater clarity as to how Framework Agreements are to be used in respect of individual purchases. A general principle adopted in the revised CSOs is that where there is a suitable Framework Agreement, this shall be used for the specific purchase.
- Requirements as to the publication of notice inviting tenders are summarised in a table.
- Purchasing procedures are different depending on whether the estimated value is less than £25,000, £25,000 or greater but less than £100,000, £100,000 or greater but less than the relevant EU threshold, and above the EU threshold.
- The Council's electronic tendering system (In-Tend) is reflected.
- Provisions on the evaluation of tenders have been extended to require the evaluation criteria, including any sub-criteria, weightings and scoring criteria, that will be used in the evaluation of tenders, to be stated in the invitation to tender.
- The importance of compliance with legislation introduced in December 2009 is reflected, by reference to the need to observe a "standstill period" in Contracts of a value above the EU Threshold. This is a period of at least ten days between making a decision on the award of a Contract and entering into that Contract.
- Authority to award and sign a Contract is clarified, in line with established practice.
- The ability to waive CSOs in suitable exceptional cases is retained, providing the ability to act quickly to engage a single supplier where this makes economic sense and fits with service requirements, in circumstances where there is no more effective way to secure the capacity.

RECOMMENDATION

- a) That the revised Contract Standing Orders be adopted; and
- b) That the Constitution be updated accordingly.