

Report of	Meeting	Date
Director of Legal Services(Introduced by the Executive Member for Service Delivery and Procurement)	Executive Cabinet	29 September 2005

## NEW CONTRACTS PROCEDURE RULES

### PURPOSE OF REPORT

- To introduce the proposed new Contracts Procedure Rules, which it is intended will replace the existing Rules contained in Appendix 3, Part C of the Council's Constitution.

### CORPORATE PRIORITIES

- A more efficient and effective procurement process will assist in serving our customers better.

### RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy	✓	Information	
Reputation		Regulatory/Legal	✓
Financial	✓	Operational	
People		Other	

- The Corporate Procurement Strategy identified that the Council needed updated Contracts Procedure Rules to enable the procurement process to be carried out efficiently and effectively. If the existing Rules are not replaced, there will be a strategic risk in respect of the procurement of goods and services by the Council. The current financial thresholds in the Rules need amending in order to provide a more streamlined tendering process. The Council needs to ensure that the regulatory/legal requirements of the European public procurement process are complied with, which will lessen the risk of legal challenge.

### BACKGROUND

- The existing Contracts Procedure Rules are part of the Standing Orders of the Council, and are contained in Appendix 3, Part C of the Council's Constitution. In May 2004, the Council adopted a new Corporate Procurement Strategy, which recognises the importance of strategic procurement, which includes having efficient and effective tendering procedures. A new Corporate Procurement Team has been established and the Corporate Procurement Working Group meets regularly to monitor progress in respect of the implementation of the Corporate Procurement Strategy. The existing Contracts Procedure Rules needed to be revised and updated, which was also recognised in an internal audit report into tendering procedures, within the Council. The opportunity has been taken to draft new Contracts Procedure Rules, which will support more effective procurement by all Service Units, within the Council



## **NEW CONTRACTS PROCEDURE RULES**

6. The proposed new Contracts Procedure Rules, which are exhibited at Appendix 1 have been drafted by members of the Corporate Procurement Working Group and have been discussed extensively with internal audit. The draft Rules were circulated to Senior Management Group on 2 September 2005 for the purposes of consultation, with a deadline for responses by 16 September 2005. Meetings have taken place with Service Heads in order to discuss future procurement requirements. The new Contracts Procedure Rules are required to be approved by Council, as this will be an amendment of the Constitution. It is intended that a comprehensive programme of training will be given to enable the new Rules to be embedded and owned as soon as possible by all relevant staff. This will reduce the need to waive the requirements of the Rules and ensure that the whole procurement process in respect of the purchase of goods/supplies or the procurement of services is carried out more effectively than at present. A Procurement Manual in respect of the new tendering procedures has been drafted by the Corporate Procurement Team, to accompany the introduction of the new Contracts Procedure Rules and will be available on the intranet.
  
7. The current European Union financial thresholds in respect of Supplies, Services and Works are annexed to the proposed new Rules, which will assist Service Heads when calculating the aggregate value of contracts prior to the commencement of any tendering process. Provision has also been made to enable future electronic tendering to take place which is one of the milestones in the National Local Government Procurement Strategy. The procedure in respect of the opening of tenders has been modified and will come under the remit of the Corporate Procurement Officer. New requirements concerning the keeping of Contracts Registers will ensure more information is available concerning the total procurement spend by the Council.

## **COMMENTS OF THE HEAD OF HUMAN RESOURCES**

8. Human Resources support the amended contract procedure rules but it is essential that training and guidelines should be given to all affected staff members to ensure that they fully understand the process they are being requested to undertake. This training should also be evaluated to ensure that learning transfer has been achieved.

## **COMMENTS OF THE DIRECTOR OF FINANCE**

9. The new rules are welcomed and as suggested in the report have been agreed in conjunction with the Internal Audit Section. I am confident the changes will benefit everyone and make the process more transparent and importantly more effective in procurement terms.

## **RECOMMENDATION(S)**

10. To recommend to Council the adoption of the new Contracts Procedure Rules attached to this Report at Appendix A

## **REASONS FOR RECOMMENDATION(S)**

11. To ensure that the Executive Cabinet had an opportunity to consider the new draft Contracts Procedure Rules, before submission to Council

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

12. To continue with the existing Contracts Procedure Rules. This would hinder the implementation of the Corporate Procurement Strategy and meeting the milestones contained in the National Local Government Procurement Strategy.

ROSEMARY LYON  
DIRECTOR OF LEGAL SERVICES

<b>Background Papersc</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
Corporate Procurement Strategy	May 2004	***	***

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
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