

**Audit & Standards Committee  
7 March 2019  
Contract Standing Orders Review**

**Recommendation(s)**

1. That the revised Contract Standing Orders attached as Appendix 1 are recommended to Council for approval

**1.0 Key Issues**

- 1.1 Contract Standing Orders sets the minimum requirements to ensure the conduct of the Council's business is compliant with the law and carried out in an ethical way.
- 1.2 The opportunity has been taken to review Contract Standing Orders (CSOs) to take account of a number of changes. Some internal to the Council such as the officer management structure and the development of a new contract management framework. Others are externally driven by changes in the EU procurement processes to encourage moves towards e-procurement and electronic communications, plus a wish to maximise the use of the Council's electronic tendering system, streamline processes and reduce costs.
- 1.3 The key changes proposed are
  - Threshold for ordinary contracts moving from £50,000 to £100,000
  - Change to major contract threshold from £500,000 to £1,000,000 to align with changes to key decision regime previously agreed by Council
  - Update of delegated authority table to reflect changes to thresholds
  - Requirement to use electronic tendering systems
  - Changes in responsibilities of officers to reflect the new officer management structure and the new contract management framework

- Tightened advertising requirements for contract opportunities and awards
- Incorporation of approved disposals by auction scheme

## 2.0 Options and Proposal

- 2.1 In the light of previous decision by Council to raise the key decision threshold to £1,000,000 we have reviewed the thresholds for minor, ordinary and major contracts. Previously major contracts have been defined as those required to be processed through the formality of the key decision regime. We consider this connection should remain and that major contracts should be contracts of £1,000,000 or more to align with the new definition. Similarly the threshold for 'ordinary contracts' should be raised to £100,000. At the ordinary contract level formal tendering is required whereas for Minor Contracts (below £100,000) individuals can seek a minimum of 3 quotes rather than follow a full-blown tendering process. This keeps the process costs down. A lot of the Council's lower value purchases are in any event obtained via call-off arrangements from framework contracts set up by Central Government, ESPO and other public sector consortia which have been the subject of a competitive tender process.
- 2.2 Over the last 12 to 18 months the Council has been undergoing a transformation and there have been significant changes to the officer structure. From 1 April 2019 the Council will move back to an officer structure, led by a Chief Executive supported by three Directorates each headed by a Strategic Director, and in turn supported by a number of Assistant Directors. In addition the Council has agreed a new Contract Management Framework to strengthen the arrangements for monitoring contracts post award. We have also reconsidered the balance of responsibilities between the Strategic Directors and Assistant Directors.
- 2.3 Various statutory instruments in 2016 made changes to the EU procurement rules making electronic communication the default position for contracts subject to the EU rules. The Council has a well-developed e-procurement system which can deal with quotes as well as full-blown tendering processes. The previous version of CSOs encouraged electronic communications and tendering and we now consider it is appropriate for electronic communication

to be the default position for the Council although it is recognised that some additional work will need to be done with those suppliers who have not yet used the system to encourage and explain how the system operates.

- 2.4 There are various safeguards which have been automatically built into the e - procurement system and this has allowed us to streamline and remove some of the previous requirements in CSOs – for example in relation to receipt of late tenders. The electronic system will not accept late tenders so there is no need to provide additional safeguards/advice within CSOs. Similarly the receipt and opening of tenders is systematised and allows a safe way of ensuring proper records are kept. The e-procurement process allows for more devolved management of contracting processes due to the automatic safeguards in place.
- 2.5 We have tightened the minimum requirements for advertising opportunities and contract awards to meet the government requirements regarding openness and transparency and the increased requirements under the EU rules.
- 2.6 We have re-organised the section on the Contracting Process to more closely align with the order in which events may occur in a tendering process and also incorporated our scheme for disposals at public auction so that relevant material is in one place.

### **3.0 Timescales associated with the decision and next steps**

- 3.1 CSOs will be considered by Cabinet on 7 March 2019 with a view to seeking the approval of Council on 19 March 2019
- 3.2 If approved by Council it is proposed that the changes take effect from 1 April 2019

### **Background papers**

None

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The report was circulated to the following members prior to publication:

Local Member(s): N/A

Other members: N/A