

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT & RISK COMMITTEE: 13 JUNE 2013 – UPDATED CONTRACT PROCUREMENT RULES

The following is an extract from the Draft Minutes of the Finance, Audit & Risk Committee meeting held on 13 June 2013.

18. UPDATED CONTRACT PROCUREMENT RULES

The Head of Finance, Performance and Asset Management (HF) advised the Committee that the purpose of the report was to provide an update to the NHDC Contract Procurement Rules which included a revision of procurement bandings that would be more appropriate to current financial considerations. Also included in the report at Appendix A (Draft amended Contract Procurement Rules) was an updated flow chart to show tendering options. The HF referred the Committee to Appendix B which summarised the changes to the Contract Procurement Rules.

The HF confirmed that subject to this Committee's agreement the Contract Procurement Rules should be forwarded to Cabinet for their agreement and then to Council for adoption.

The HF referred the Committee to Section 7 of his covering report which gave the main changes including the new bandings for procurement of Goods and Services under £100K and the new bands for Works Procurement below £250K using the quotation procedure. The HF was pleased to confirm to the Committee that the recording of quotations and use of transparent procedures would have an overall effect of applying a more proportionate approach to low value procurements. Conversely the HF advised that work contracts of low risk and complexity could have a significant value.

The Committee noted that the Contract Procurement Rules had been updated to meet the increased use of the e-tendering system for procurements. Transparency would be improved by the decision to publish all contract notices in excess of £50K via the e-tendering system. Notice of such tenders would be via the OJEU website, NHDC website and Contracts Finder website. A further benefit of using e-tendering would be no further need to open tenders manually and the HF advised the Committee that the financial thresholds at which there could be variation to contract had been increased. Also, the EU financial thresholds reference had been replaced with a link to The Cabinet Office website which would provide users of the Rules with access to current threshold information without the need for a revision of the NHDC Procurement Rules. The HF advised the Committee that another change was that the appropriate Portfolio holder would not be required to attend for tenders openings where the budget exceeded £50K.

The Chairman thanked the Head of Finance, Performance and Asset Management for the concise description of the changes to Contract Procurement Rules and the Committee acknowledged the work undertaken by the Head of Service and Officers in producing the amended document.

The Chairman invited comments and/or questions from the Committee.

Of particular concern to several members was the change to an oral estimate being required for works contract values under £10,000 should be reconsidered and that it would be preferable to have a written quotation for all services. After a short discussion the HF agreed to this request even though it was noted that even oral estimates would be recorded in writing.

RESOLVED:

- (1) That the changes (with amendments) to the NHDC Contract Procurement Rules as described at Section 7 of the report be agreed;
- (2) That officers be thanked for the work undertaken to ensure the efficient operation of Contract Procurement Rules.

RECOMMENDED TO CABINET:

That Cabinet be requested to approve the changes to the Contract Procurement Rules (with amendments) (Appendix A) prior to adoption by Council.

REASON FOR DECISION:

For the Finance, Audit and Risk Committee to approve the review and endorse the Council's Contract Procurement Rules which was a key action in the Council's Procurement Strategy.

[Note: The report to which this referral relates is Item 11 on this agenda]