
NEW PROCUREMENT & CONTRACT STANDING ORDERS

Chief Financial Officer

SCOTTISH BORDERS COUNCIL

27 June 2017

1 PURPOSE AND SUMMARY

1.1 The existing standing orders relating to Procurement activities require to be updated for following reasons;

- a)** To access a key benefit of BusinessWorld (BW) to manage spending across the organisation.
- b)** To fully effect the new public procurement legislation (Procurement Reform Act (Scotland)) and associated statutory requirements
- c)** To comply with best business practice by creating separate standalone Procurement Procedural Standing Orders

2 RECOMMENDATION

2.1 It is recommended that Council ;

- a) Approves the proposed change to existing Procedural Standing Orders by the removal of items 45-49.**
- b) Agrees the new standalone Procurement and Contract Standing Orders to be implemented from 1st July 2017.**

3 BACKGROUND

- 3.1 BW will deliver significant transactional efficiencies within P2P. Beyond this a further key benefit will be the opportunity to improve the efficiency of Council spending through maximising contract spend and minimising off contract spend. Leaving the existing standing order thresholds unchanged may result in these benefits not being fully realised.
- 3.2 New procurement legislation creates statutory obligations on the council when considering contracts where the value is estimated to be £50,000 or above. These revised standing order thresholds recognise this new figure.

4 PROCUREMENT & CONTRACT STANDING ORDERS – KEY CHANGES

- 4.1 Following a detailed review of the approach taken by other local authorities' standing orders, the proposed new Procurement and Contract Standing Orders have been created drawing on best identified practice.
- 4.2 The new standing orders will provide officers with comprehensive guidance to undertake procurement and contracting activities fully in accordance with relevant Council governance. The operational detail for procurement practice has historically been kept separate from the overarching governance and so this change will put all relevant information into a single set of instructions, which following the introduction of Business World, will make it far easier for managers to understand their responsibilities.
- 4.3 It is proposed to amend two of the existing value based procurement thresholds as detailed below.

Existing	Proposed	Reason
First level <i>(Officers will proceed in a manner they consider most efficient to their specific service and the Council)</i> £5,000	Reduce to £1,000	BW provides an opportunity to embed a controlled approach to managing spending across the organisation. To achieve this, there needs to be additional oversight to support driving compliance, particularly when general product codes are used to create a requisition. Reducing the threshold to £1,000 is seen as a key compliance mechanism to support the opportunities created through the introduction of BW.
Level 3 <i>(Minimum 3 Quotes via PCS Quick Quotes)</i> £35,000	Increase to £50,000	To dovetail with the new term 'regulated procurement' which is defined as any contract exceeding £50,000 to which the Council apply a number of statutory duties before reporting through other statutory requirements.

- 4.4 These new orders include the introduction of a Waiver option.. This is a formal approval procedure to replace the existing procurement route operated within the Council known as a "non-competitive action route." The new proposal creates a managed mechanism to allow exceptions to the proposed standing orders to be applied for, and if approved, then any of the thresholds may be waived for that particular purpose, if the reasoning is justifiable. This new process will reduce the risk of challenge from suppliers.
- 4.5 This report will create a separate set of Standing Orders to the current Procedural Standing Orders that govern committees. On approval, Procedural Standing Orders Nos 45 to 49 will be removed and replaced with text to advise that all Procurement & Contract Management matters will be carried out in accordance with these new Procurement & Contract Management Standing Orders as approved by Council.

5 IMPLICATIONS

5.1 Financial

There are no direct financial implications to this report.

5.2 Risk and Mitigations

An Internal Audit report recommended that to comply with best business practice separate standalone Procurement Procedural Standing Orders should be developed.

5.3 Equalities

There are no equalities implications.

5.4 Acting Sustainably

There are no sustainability implications.

5.5 Carbon Management

There are no carbon management implications.

5.6 Rural Proofing

Not applicable

5.7 Changes to Scheme of Administration or Scheme of Delegation

No changes required

6 CONSULTATION

- 6.1 The Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted with comments received incorporated into the report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference:

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Kathryn Dickson can also give information on other language translations as well as providing additional copies.

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