

# ***Report to the Council***

**Committee:** Overview and Scrutiny Committee

**Date:** 28 June 2011

**Chairman:** Councillor R Bassett

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## **1. REVIEW OF CONTRACT STANDING ORDERS – 2010/11**

### **RECOMMENDING:**

- (1) That the schedule of amendments to Contract Standing Orders set out in the Appendix to this report be approved;**
- (2) That the proposed changes to CSOs C4(1)(g) (Contract Renewals) and C7(6)(a) (Ad Hoc Tender Lists) be reviewed in 2012/13; and**
- (3) That Contract Standing Orders and Financial Regulations be reviewed in alternate years in future, viz**

**2011/12 – Financial Regulations  
2012/13 – Contract Standing Orders**

### **1. Introduction**

- 1.1 This report deals with the annual review of Contract Standing Orders by the Constitution and Member Services SSP.

### **2. Review of Contract Standing Orders**

- 2.1 The Appendix to this report sets out detailed changes to Contract Standing Orders which we are recommending from this year's review. The Appendix excludes a number of minor textual changes (renumbering, typographical errors and various cross references) which can be made by officers when the Contract Standing Orders are prepared for publication.
- 2.2 We draw the Council's attention to the fact that none of the changes proposed represent fundamental differences with the version which has been in use for a number of years. The Panel's attention is however drawn to the more significant proposals, namely:
  - (a) provision for tender acceptance terms to be agreed in advance avoiding the need for the Cabinet or a Portfolio Holder to accept tenders (C19(2));
  - (b) introduction of a 10% tolerance when comparing pre-quotation estimates with the value of quotations received in determining whether a Portfolio Holder needs to accept the lowest tender (C20(3));
  - (c) transfer of responsibility for approving ad hoc tendering lists from Portfolio Holders to Chief Officers so as to maintain confidentiality (C7(6)(a));
  - (d) more controls on sub-contracting by main contractors; and

- (e) definition of “arithmetical errors” in relation to C7(6)(a) (Ad Hoc Tenders).
- 2.3 We recommend that the changes under 2.2(a) and (e) above be reviewed again in 2012/13 to assess whether they have been effective.
- 3. Guidance and Training for Staff Engaged in Procurement**
- 3.1 The SSP’s review of Contract Standing Orders revealed that improved guidance on procurement is required. The Essex Procurement Hub is now available to the Council but there remains some lack of clarity as to how Contract Standing Orders relate to that system.
- 3.2 An Officer Working Party is now working on a flowchart which will be an operational document, guiding procurement officers through the steps and choices in the process. It will also be used as an on line training aid. We were happy to support this initiative.
- 4. Future Reviews of Contract Standing Orders and Financial Regulations**
- 4.1 We noted that reviews of Contract Standing Orders and Financial Regulations are currently carried out once a year. In the case of Financial Regulations, very few changes have arisen in recent years. For Contract Standing Orders, there has been a number of changes but this trend is now regarded as counter-productive in some ways because the various changes have merely served to increase the need for clarification with relevant staff.
- 4.2 We support recommendation of the SSP that reviews of Financial Regulations and Contract Standing Orders should be in alternate years, with the next review of Contract Standing Orders taking place in 2012/13 and Financial Regulations during 2011/12. This will provide more stable rules and give greater weight to training and guidance as the means of dealing with problems. Procurement via Contract Standing Orders will increasingly be secondary to use of the Essex Procurement Hub and our view is that the Council should not need to review these procedures so often.
- 4.3 Changes to Contract Standing Orders require an amendment to the Constitution, requiring approval of this Committee and the Council. We therefore recommend as set out at the commencement of this report.