

APPENDIX 3

FINDINGS AND RECOMMENDATIONS FROM RESOURCES AND PERFORMANCE OVERVIEW AND SCRUTINY COMMITTEE

1.0 BACKGROUND

- 1.1 The Resources and Performance Overview and Scrutiny Committee examined proposed changes to the Council's Contract Regulations at a meeting on the 25th May 2012. Councillor Steve Count and Paul White, LGSS Head of Procurement, presented the item.
- 1.2 The minutes of the meeting, available from the Scrutiny and Improvement Officer, provide a full record of the discussion. Generally, Members welcomed the proposed changes as a means of optimising existing contractual arrangements, improving the robustness of procedures and helping to stimulate the local economy (e.g. through the use of 'Source Cambridgeshire'). However, there were three particular issues which the Committee agreed to bring to Cabinet's attention, which are summarised in the remainder of this report.

2.0 COMMITTEE VIEWS

Local Suppliers

- 2.1 The Committee discussed in detail how the proposed changes would help to encourage the use of local suppliers and noted that this represented a new approach for the Council. Members suggested that detailed support and guidance would help Officers to understand how to encourage local interest, whilst continuing to ensure that relevant legislative requirements are met.

Compliance with Contract Regulations

- 2.2 Members referred to recent investigations they had undertaken, for example regarding the Council's use of consultants, which revealed that some Officers were not aware of their duties in relation to the Council's current regulations. They were therefore concerned about the risks of adjusting the financial thresholds as set out in the proposals. In response, the Cabinet Member advised that the intention is to brief and train Officers regarding the new Contract Regulations, should they be adopted. Nonetheless, given the apparent lack of success in training Officers about the use of the current Contract Regulations, the Committee would like to emphasise the need to communicate the changes effectively and to introduce measures to enforce compliance.

Substantial adjustment to the Formal Invitation to Tender threshold

- 2.3 The Committee noted that the current Contract Regulations specify that a Formal Invitation to Tender must be issued for contracts with a value between £30,000 and the EU threshold (£173,000) and that under the new regulations, three Formal Requests for Quotations would be required for contracts with a value of £30,000 to £100,000, with Formal Invitations to Tender only being required from £100,000 to the EU threshold. Members were advised that moving to Formal Requests for Quotations would make the process shorter,

simpler and more familiar to small and medium enterprises, reducing barriers to entry but still ensuring a degree of commercial protection.

- 2.4 Members felt that this was a significant change, and whilst they did not form a judgement about the merits or otherwise of the change, they agreed that Cabinet should pay particular attention to this issue, and also believe that this reinforces their previous point about the need to communicate changes effectively to Officers.

3.0 RECOMMENDATIONS

- 3.1 Cabinet are recommended to:

- 1) Ensure that detailed support and guidance is produced for Officers regarding contractual processes with local suppliers, so that they are able to encourage local interest whilst continuing to ensure that relevant legislative requirements are met
- 2) Ensure that the new Contract Regulations are communicated effectively across the Council, and that measures are in place to enforce compliance
- 3) Focus on the potential implications of adjusting the Formal Invitation to Tender threshold when forming their decision about the proposals (such as Freedom of Information and Transparency of spend).

4.0 OFFICER RESPONSE TO RECOMMENDATIONS

- 4.1 Officers advice to Cabinet regarding the recommendations above is:

- 1) **Accepted.** Detailed support and guidance will be provided for Officers regarding contractual processes with local suppliers. In addition procurement will continue to meet business bodies to help raise awareness of contract opportunities.
- 2) **Accepted.** The Cabinet Member for Resources and Performance has indicated the importance of communicating the new Contract regulations across the Council and ensuring compliance. Procurement have engaged the Communication team to develop the internal communication plan including briefings and Daily Brief and in external plan for the wider business community. Compliance against the contract regulations is a management responsibility and this will be reinforced through the normal audit regime.
- 3) Although the current regulations require tenders for contracts above £30,000 this takes the form of a "short tender" between £30,000 and £75,000 with the formal tender only applying above £75,000. Moving to the formal requests for quotation process between £30,000 and £100,000 will simplify the process and reduce barriers for small businesses and voluntary sector organisations whilst maintaining appropriate levels of governance and commercial protection. In addition the tools and techniques for procurement practices have improved in recent years with E-tender processes, central procurement documentation, templates, guidance and other tools to aid Officers.