

Audit and Governance Committee



Date of meeting:	27 July 2020
Title of Report:	Contract Standing Orders - Procurement
Lead Member:	Councillor Chris Penberthy (Cabinet Member for Housing and Co-operative Development)
Lead Strategic Director:	Andrew Hardingham (Service Director for Finance)
Author:	Philip Symons
Contact Email:	Philip.symons@plymouth.gov.uk
Your Reference:	PSY27072020.a
Key Decision:	No
Confidentiality:	Part I - Official

Purpose of Report

This report seeks consideration of approval to proposed changes to the Contract Standing Orders (CSOs) as set out in the supporting documents, so that they are relevant and fit for purpose.

The proposed changes therein are inclusive of a format change; thus making the document concise. It is our hope that this will assist in their compliance and increase officer understanding and awareness of the details within each section.

Recommendations and Reasons

1. That the committee approve the updated Procurement CSOs as set out in Appendix A.
2. That the Procedural Notes are accepted within the Supplementary Governance Documents section listed within part H of the constitution as supporting documents. These Procedural notes aide to the increased accessibility of the CSOs without compromising on the specific important information contained within them.
3. That the committee provide delegated authority to the Section 151 officer with Portfolio Holder consultation to add new and edit existing Procedural notes when appropriate.
4. That the committee provide delegated authority to the Section 151 officer to make minor changes in regards to the references to "OJEU" and "OJEU Threshold" if and when this changes as part of the Brexit negotiations due to conclude at the end of 2020. This is due to the fact that this links to EU regulations that the Council may or may not be subject to pending the decisions that will be made by Central Government.

The CSOs govern how the Council undertakes tendering and contracting with third party suppliers and are a formal part of the Council's wider governance, i.e. the Constitution.

The proposed changes to the CSOs are the result of a review process, including;

- Key stakeholder consultation (August 2019),
- PFH consultation (March 2020 / July 2020)

Primary changes/amends as a result of this review process and ongoing work within the Procurement Service include:

- i. Procurement routes for below OJEU threshold are to be made more flexible; allowing for a greater opportunity to address the needs of the both the internal and external clients more efficiently and effectively.
- ii. Optimising efficiencies through streamlining authorisation arrangements proportional to risk
- iii. Rationalising the layout and structure of the documents to aid clarity
- iv. Strengthening details around expectations on how specific matters are to be dealt with
- v. Updating to take into account the changing shape of modern day local government

The aims of the updates proposed are to aid the Council in the delivery of efficient and effective procurement arrangements in a manner that also supports necessary probity and accountability in how the Council spends public monies.

Alternative options considered and rejected

The proposals put forward are a significant change in both the formal and structure but also the approaches that would be applied. The work in development of the CSOs has been informed from approaches applied elsewhere, take into account views from officers who apply the current CSOs, and input from key internal stakeholders, including, Service Director, Legal Services, Finance, Audit and staff within the Service. As such the proposals with this report are deemed fit for purpose for the future needs of the Council.

It is noted that options other than recommending for approval are available, in particular these would be to propose relevant changes with relevant grounds for those changes or indeed to reject the proposed approach providing with clear grounds and reasons why. Please note that 'no change' is not an option; the recommendations are a progression from the current CSOs and will allow the council to move forward and create impactful change.

The ever changing landscape both economically and socially requires the council more than ever to be proactive and able to respond efficiently and flexibly, it is believed that the changes to the layout format and the amends contained within will allow the council to do just that.

In the event of either of the above circumstances then clear direction should be provided to enable necessary adjustments to be carried out.

Relevance to the Corporate Plan and/or the Plymouth Plan

The CSOs will form a fundamental governance framework in supporting the efficient and effective delivery of how the Council advances successful delivery of the Plan. The CSOs set out the expected standards and overall governance for all contract that are let on behalf of the Council with the specific aims of them being lawful as well as delivering value for money in how the Council commercially contracts.

In addition the CSO and integral supporting documents such as the Social Value Policy provide a robust policy framework to support expectations around economic growth, social wellbeing and environmental matters. All of which are acutely important in the execution of actions relating to Pillar 5 of the Resurgam Program and the wider climate as a result of the Coronavirus Pandemic.

Implications for the Medium Term Financial Plan and Resource Implications:

The CSOs and integral supporting documents will provide a robust governance framework to assist the delivery of best value in how the Council contracts with third party suppliers and provide a sound platform for the resulting delivery of those contracts.

As this is a fundamental change there will be the need to undertake necessary communications and training to staff and members around the changes and how best to ensure that the CSOs are complied with. These cost would be covered within existing resource / budgets.

Carbon Footprint (Environmental) Implications:

Specific tenders themselves applying the policy and processes therein will take into account implications around things like: carbon footprint, green spaces, environmental policies and the climate emergency.

Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

** When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

Core implications and risks associated directly with this report are that the proposed changes either are not adhered to or followed as intended. The risks of not adopting the changes are:

- Potential non-compliant activity with the Public Contract Regulations 2015
- Potential non-compliant activity with the current CSOs i.e. if they are not made more accessible, they will not be followed
- Restricting future efficient and effective means to contracting with third party suppliers
- Not taking the opportunity to streamline current processes and procedures to make them more proportional around activities required to risks presented

As noted the CSOs are intended to provide the robust commercial governance to how the Council undertakes contracting, so approval of the CSOs themselves will provide a framework for how tendering is done. Specific tenders themselves will take into account implications around things like:

- Child Poverty
- Community Safety
- Health and Safety
- Risk Management
- Social Value

Appendices

**Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Contract Standing Orders – Procurement (Inc. Appendices)							
B	CSO Submission – Track Change info							

Background papers:

**Add rows as required to box below*

Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.

Title of any background paper(s)	Exemption Paragraph Number (if applicable)						
	<i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
	1	2	3	4	5	6	7
n/a							

Sign off:

Fin	akh.2 0.21. 46	Leg	MS.11 /03/2 0.	Mon Off	n/a	HR	n/a	Assets	n/a	Strat Proc	HG/PS/5 39/CP/03 20
Originating Senior Leadership Team member: Andrew Hardingham (Service Director for Finance)											
Please confirm the Strategic Director(s) has agreed the report? Yes											
Date agreed: 14/07/2020											
Cabinet Member approval: Cllr Penberthy											
Date approved: 16/07/2020											