

PLYMOUTH CITY COUNCIL

Subject: Constitutional Changes
Committee: Audit
Date: 25 June 2015
Cabinet Member: Councillor Lowry
CMT Member: Lesa Annear (Director for Transformation & Change)
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Ref:

Key Decision: No

Part: I

Purpose of the report:

The purpose of the report is:

- to update Contract Standing Orders (Part H of the Constitution) in line with the Public Contracts Regulations 2015
- to update the purchase order authorisation and purchase card limits in Financial Regulations (Part H of the Constitution)
- to increase the tendering threshold values so that there are more opportunities to keep spend local

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

This report supports the Growing Plymouth objective by increasing the amount of local spend to encourage a strong economy creating a range of job opportunities.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

There is no financial implication to the Council to implement these changes within the constitution.

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

Not applicable

Equality and Diversity

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

The Audit Committee approve and recommend to City Council that –

It is recommended that, Contract Standing Orders, which form Part H of the Constitution, are updated in line with the Public Contracts Regulations 2015 (see link in Published work/information) and in support of our localism agenda, as detailed in appendix 1 and 2.

It is recommended that, Financial Regulations, which form Part H of the Constitution, are updated in line with purchase order authorisation and purchase card limits, as detailed in appendix 3 and 4.

Alternative options considered and rejected:

Do nothing

It is a legal requirement of the Council to implement the Public Contracts Regulations 2015, failure to do so will result in the Council not complying with UK Legislation and possible legal challenge which could lead to fines against the Council.

Published work / information:

Public Contracts Regulations

http://www.google.co.uk/url?url=http://www.legislation.gov.uk/ukxi/2015/102/pdfs/ukxi_20150102_en.pdf&rct=j&firm=1&q=&esrc=s&sa=U&ei=qvqHVeqlCsiOsgHI_bWQBg&ved=0CBQQFjAA&usg=AFQjCNFL9YPIx8hINmIwmCXDZ7aE_FL8mg

Background papers:

Appendix 1 – Updated Contract Standing Orders (with track changes)

Appendix 2 – Updated Contract Standing Orders (clean copy)

Appendix 3 – Updated Financial Regulations (with track changes)

Appendix 4 – Updated Financial Regulations (clean copy)

Sign off:

Fin	djn15 16.19	Leg	23279/ ALT	Mon Off	23296 /DVS	HR	N/A	Assets	N/A	IT	N/A	Strat Proc	HG/ CS/3 96/C P/06 15
Originating SMT Member													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

I Summary

- 1.1 On 17 April 2014 a new EU procurement directive was adopted by the European Commission and came into force. All EU member states must implement the directive into national Law within two years of the date of adoption and the government prioritised the Public Sector Directive for early implementation.
- 1.2 The Directive has been transposed into UK law by Statutory Instrument 2015/102 the Public Contracts Regulations, replacing the Public Contracts Regulations 2006. The 2015 Regulations came into force on 26 February 15.
- 1.3 The main purpose of the EU public procurement regime is to open up the public procurement market to competition and ensure the free movement of supplies, services and works within the EU. The EU rules reflect and reinforce the value for money focus of the UK government's public procurement policy. The directive is intended to simplify the regime making it more flexible and improve efficiency in public spending, it is also intended to allow the strategic use of public procurement to address new challenges such as, increasing access for small and medium enterprises (SMEs), fostering innovation, respecting the environment, and achieving other societal goals.
- 1.4 In addition to this the Lord Young Reform was introduced to create a SME friendly market for public procurement by removing the barriers to entry through a standardised Pre-Qualification Questionnaire (PQQ) and a single website, Contracts Finder, to source advertised opportunities.
- 1.5 Taking into account the new regulations, the Lord Young reforms and our localisation agenda, contract standing orders and financial regulations have been updated to cover the following
 - changes to legislation
 - increase in our low value procurement thresholds from £100k to £150k for goods and services and from £200k to £2m for works to ensure that suppliers are sourced locally where possible via an RFQ process rather than nationally advertise the opportunities on Contracts Finder
 - tender opportunities are advertised on Contracts Finer as well as our procurement portal, supplying the southwest.
 - purchasing card limits have been updated in line with the purchasing card policy and practice
 - purchase order authorisation limits have been increased
 - enhancement of contract management

2 Benefits

- 2.1 By increasing our low value procurement thresholds we will be able to target local suppliers and micro, small and medium enterprises (SME's). This will enable delivery of our pledges as well as supporting the objectives of the fairness commission:
 - Working Plymouth
Pledge No. 3 – Increase the amount of local purchasing the Council does to keep more of Plymouth's wealth in our city.
 - Fairness Commission
Recommendation No. 70 – Provide better access to public spend for local small suppliers

- 2.2 The increase of the purchase order authorisation limits will streamline the process reducing the amount of time taken to approve purchase orders.