



## Democratic Renewal Working Party 9 February 2012

### Updating the Contract Procedure Rules

#### **1. Summary and Reasons for Recommendation**

- 1.1 The Council's participation in a county wide electronic tendering and contract management system in Suffolk requires the Borough Council's Contract Procedure Rules contained within Part 4, Rules and Procedures, of the Council's Constitution to be updated.
- 1.2 Following the introduction of the county wide electronic tendering and contract management system the District and Borough Councils in Suffolk wish to align their tendering thresholds in order to enable joint procurement requiring a further amendment to the Contract Procedure Rules.
- 1.3 Recent changes in legislation and the European Union (EU) procurement thresholds have also resulted in further changes being required to the Contract Procedure Rules.
- 1.4 This would be a good opportunity to look at the current Contract Procedure Rules and make positive changes to assist officers of the Borough Council when undertaking a procurement exercise.

#### **2. Recommendation**

- 2.1 It is recommended that delegated authority be granted to the Head of Legal and Democratic Services and the Head of Finance to amend the Contract Procedure Rules contained within Part 4, Rules and Procedures, of the Council's Constitution in order that they provide electronic tendering, tender thresholds are aligned and that they are generally brought up to date.

#### **3. Corporate Objectives**

- 3.1 The recommendation meets the following, as contained within the Corporate Plan:-
  - (a) *'To raise corporate standards and efficiency'*

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#### **4. Key Issues**

- 4.1 In April 2011 the Council, in line with other District and Borough Councils in Suffolk, implemented the Suffolk Sourcing electronic tendering and contract management system operated by Suffolk County Council which allows for all future procurement to be undertaken electronically. However, the current Contract Procedure Rules do not allow electronic tendering and need to be amended to reflect this.
- 4.2 Using the Suffolk Sourcing electronic tendering and contract management system also enables the Council to undertake joint procurement exercises with other District and Borough Councils in Suffolk. However, the tender thresholds for each authority in Suffolk varied. The Countywide Procurement Steering Group recognised this and agreed to align the tender thresholds for District and Borough Councils in Suffolk. The Council's current thresholds and the new, aligned, thresholds are detailed in Appendix 1 attached.
- 4.3 On the 1 January 2012 new thresholds for public sector procurement set by the European Commission came into force. The thresholds are updated every two years and the new limits also detailed in Appendix 1 will apply until 31 December 2013. The Contract Procedure Rules need to be amended to allow for these changes to the thresholds.
- 4.4 Due to the changes required to the Contract Procedure Rules it would be prudent to take this opportunity to review and update the document as a whole to ensure it complies with all recent changes in legislation and case law and offers a clear guide to officers undertaking a procurement exercise.

#### **5. Other Options considered**

- 5.1 Retain the current Contract Procedure Rules. However, to do so would result in the Borough Council being unable to make use of the Suffolk Sourcing electronic tendering and contract management system and the Borough Council would be disadvantaged from undertaking joint procurement exercises with other authorities in Suffolk.

#### **6. Community impact** *(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)*

##### **6.1** General

- 6.1.1 Using the Suffolk Sourcing electronic tendering and contract management system is accessible by members of the public who are able to see what tenders the Council (and indeed other authorities in Suffolk) are seeking and the value of such contracts thus making the procurement procedures transparent. The Suffolk Sourcing system is a secure and efficient system with no scope for error with the submission of tenders.

##### **6.2** Diversity and Equality Impact *(including the findings of the Equality Impact Assessment)*

- 6.2.1 Whilst contractors will need to register to use the Suffolk Sourcing system, registration is free and easy to use. Further, Suffolk County Council has a helpdesk which is available to all users so no trader is disadvantaged. However, the Contract Procedure Rules will retain the right to accept tenders outside of Suffolk Sourcing in the unlikely event that the system is down during a procurement exercise.

**7. Sustainability Impact** *(including environmental or social impact on the local area or beyond the Borough)*  
 7.1 There will be no direct impact on the environment or society but there will be benefits in terms of improved procurement and the use of an electronic system over the current manual system.

**8. Consultation**  
 8.1 Consultations have been undertaken with the Countywide Procurement Steering Group, the Head of Finance and the Head of Legal and Democratic Services.

**9. Resource implications** *(including asset management implications)*  
 9.1 Work will be carried out by existing staff with no resource implications.

**10. Risk Assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)
	High/Medium/Low		High/Medium/Low
Failure to update the Contract Procedure Rules meaning less efficient tendering procedures and less scope for joint procurement exercises with other authorities in Suffolk.	Medium	Approving the recommendations.	Low

**11. Legal or policy implications**  
 11.1 Legal implications have been covered within the key issues of this report.

<b>Wards affected</b>	All	<b>Portfolio Holder</b>	Performance and Resources
<b>Background Papers</b>		<b>Subject Area</b>	Support Services

**(A) Current Tender Thresholds**

<b>Threshold: Value of Goods, Services or Works</b>	<b>Tendering Procedure</b>
Less than £100	No tendering procedure required
More than £100 but less than £5,000	Three verbal or written quotations preferred but a minimum of two required.
More than £5,000 but less than £50,000	The minimum of three written quotations required.
More than £50,000	Formal tendering procedure
Above EU threshold	Full tendering procedure in accordance with Public Contracts Regulations

**(B) Aligned Tender Thresholds**

<b>Threshold: Value of Goods, Services or Works</b>	<b>Tendering Procedure</b>
Up to £10,000	Officer selects a suitable supplier to ensure that price represents value for money (one quotation)
£10,001 to £50,000	Three quotations required from suitably qualified suppliers.
£50,001 to EU threshold	Formal tendering procedure (to be advertised on Contracts Finder)
Above EU threshold	Formal tendering procedure in accordance with Public Contracts Regulations

**(C) EU Thresholds as at 1 January 2012**

	<b>Threshold</b>
Supplies and services contracts	£173,943.00 (€200,000)
Works contracts	£4,348,350 (€5,000,000)