

Executive – 3 December 2009

EXEMPTIONS TO STANDING ORDERS RELATING TO CONTRACTS AND FINANCIAL INSTRUCTIONS

Report of the Strategic Director (Resources)

Statutory Powers: s.135(3) Local Government Act 1972.

Financial Implications: This report details exemptions to the Standing Orders Relating to Contracts and Financial Instructions, the financial details of which are set out in the Appendices.

Purpose

The purpose of this report is to inform members of the exemption(s) to the Standing Orders Relating to Contracts and Financial Instructions since the previous Executive meeting, in accordance with the procedure approved by the Council: Minute references 70/07 and 49/07 refers.

Link to Council's Priorities – CP6 Improving core service performance in a cost effective way.

RECOMMENDATION

That the Executive RESOLVES to note the exemptions to the Standing Orders Relating to Contracts and Financial Instructions attached at Appendix A and B.

Background

1. The Council and its Executive have power to authorise exemptions from the requirement to adhere to the Standing Orders Relating to Contracts and Financial Instructions approved by the Council in December 2007 (Minute references 70/07 and 49/07).
2. These documents state that in certain circumstances, with approval, an officer may seek an exemption from the need to invite tenders or quotations for the purchase of goods, works, or services without a detailed written report to members.
3. The intention is to make the Exemption process more flexible and less time consuming than that requiring a full report to the Executive in all cases.

Exemptions to Standing Orders Relating to Contracts – Appendix A (Amounts between £30,000 and the relevant EU Limit)

4. Appendix A summarises the applications for exemption to Standing Orders Relating to Contracts approved through the exemption process since the last Executive meeting.

Exemptions to Standing Orders Relating to Contracts – Appendix B (Amounts between £3,000 and £30,000)

5. Appendix B summarises the applications for exemption to Financial Instructions approved through the exemption process since the last Executive meeting.

Risk Assessment

6. The following are the significant risks and opportunities identified:

Opportunity	Issues / Obstacles	Benefits
<p>The process for providing officers with approval for exemptions to the Standing Orders Relating to Contracts and Financial Instructions, in certain circumstances, provides more flexibility and the ability to react promptly to situations that arise. This less bureaucratic approach, compared with a formal report to members in all cases, saves time for both members and officers. It retains the control elements needed within a procurement process.</p>	<p>There is a risk that controls within the procurement procedures are undermined if the process is inflexible, bureaucratic, and time consuming. If the above situation was allowed to persist, the Council may not achieve best value for money in the purchase of goods, works, and services.</p>	<p>The key benefits of the process are: <i>Greater flexibility:</i> managers are able to react quickly to procure services etc. that may reduce the risk of harm to the public or staff, save time, money, and/or embarrassment. <i>Increased openness:</i> a less bureaucratic approach, in certain circumstances, will encourage managers not to 'take a chance' and ignore procurement rules in high pressure situations.</p>

Conclusion

7. The process for providing officers with approval for exemptions to the Standing Orders Relating to Contracts and Financial Instructions, in certain circumstances, provides more flexibility and the ability to react promptly to situations that arise. It is also a more efficient and less bureaucratic approach than that previously in place.

Allan Goodman
Internal Audit Manager

Executive
 03 December 2009

Mark Seymour
Strategic Director (Resources)

List of Appendices:

Appendix A: Summary of Exemptions to Standing Orders Relating to Contracts

Appendix B: Summary of Exemptions to Financial Instructions

Background Documents:

Signed exemption application pro-formas are available to view upon request from Member Support Services.

**SUMMARY OF EXEMPTIONS TO STANDING ORDERS RELATING TO CONTRACTS
(AMOUNTS BETWEEN £30,000 and the EU LIMIT), APPROVED SINCE THE LAST EXECUTIVE**

Appendix A

Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
	None		

**SUMMARY OF EXEMPTIONS TO FINANCIAL INSTRUCTIONS
(AMOUNTS BETWEEN £3,000 and £30,000), APPROVED SINCE THE LAST EXECUTIVE**

Appendix B

Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
Head of Environmental Health	<p>Civica Payment Engine for Electronic License Management System</p> <p>The EU Services Directive requires local authorities to have in place certain requirements in order to allow EU citizens to apply for and pay for certain licences and registrations on-line. The deadline for having a system in place is 28th December.</p> <p>Much work is being coordinated nationally, with a national portal being established for people to apply for licences etc online. There will need to be a link with each authority's website to allow for payment of that licence. Civica have a solution.</p> <p>Although the EU Services Directive has been in place for a while, it is only recently that details have been known as to how best to proceed. There is still uncertainty nationally on some aspects of the practical implementation of some of the EU requirements (particularly as related to alcohol licensing).</p>	<p>Limited Markets: The authority already utilises Civica for its financial systems. Developing or purchasing a third-party system would be uneconomic. The tight timescales also mean that this would be impractical.</p>	<p>The initial costs (excluding officer resource) is £4,300 plus £500 per annum maintenance. Budget: IT Development Reserve</p>
Head of Property Services	<p>Replace Lateral Filters on QLC Swimming Pool Sand Filters</p> <p>Sand is escaping through the splits in the lateral sand filters that serve the swimming pools. To allow access all the sand has to be removed from the tanks and replaced on completion.</p> <p>The work will require a 5 day shut down of the pool</p> <p>There is a risk if the work is not done of further damage to the pools ultra violet water treatment system, and sand circulating in pool water system.</p> <p>Sterling Hydrotec are already working on the pools during November to clean out the pools balance tanks and they were our preferred contractor to replace the sand in the filters at Ivybridge Leisure Centre and Quayside Leisure Centre (QLC) a few years ago.</p>	<p>Limited Markets/Increased Costs: This is very specialist work and there are very few contractors capable of completing this work.</p>	<p>£20,000 excluding Tones loss of earnings estimated at £5000. Budget: Existing repairs and Maintenance budget</p>

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Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
Head of ICT	<p>Internet Connection Renewal</p> <p>The Council's Internet Connection needs to have its capacity increased to support the home working and partnership arrangements.</p> <p>Initial market testing with five suppliers and subsequent written quotations confirmed that the contract sum would be below £30,000, and therefore the £3001 - £30,000 procurement process was followed. An order for £27105 was raised in August for the upgraded internet connection, but was "subject to survey" as is usually the case with this type of requirement. In this particular case the survey identified a quotation error by a subcontractor, resulting in an £11,000 increase to the contract price. The suppliers who provided the next lowest priced quotes were then contacted, and the two lowest priced previous quotations were then reviewed, however both of these were just over the £30,000, which would potentially need the £30,001 to £75,000 Standing Order process to be followed.</p> <p>To restart the process there is a minimum lead time of circa three months (two months for installation and one month to run the tendering process).</p> <p>This would impact the delivery of home working, in particular the delivery for the West Devon / South Hams Revenues and Benefits partnership.</p> <p>The new lowest priced provision is the Council's current provider, which reduces the risk of further delays as they already have a similar internet link in place.</p> <p>Having consulted with the Internal Audit Manager and the Procurement Manager, for clarity, it has been agreed that this exemption form be completed as the evidence shows that at the time this was the correct process to follow and the new contract sum is within a reasonable level of tolerance of the prescribed limit.</p>	<p>Limited Markets/Increased Costs: To avoid further costs to a process which has identified the main suppliers who could deliver this requirement, and they have re-confirmed their quotations.</p> <p>There is also an element of limited markets for Internet connections as in all cases a combination of BT, Energis and NTL/Telewest are the only underlying providers.</p>	<p>Cost: £31380: Existing budgets.</p>

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Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
<p>Head of Improvement</p>	<p>Procurement Of Consultation Software This is an Improvement Unit joint project with West Devon and also incorporates the business requirements for both Customer Service teams to procure two fixed screen and two mobile devices, and the related software licences for a three year period.</p> <p><i>Background/The Issues</i></p> <ul style="list-style-type: none"> • Corporate commitment to Customer First • Customer engagement and consultation essential aspect of the Council's decision making process • Duty To Involve effective as of 1.4.09 • The existing Opinion Meter, mobile consultation device, becomes obsolete in November 2009. • SWRIEP funding secured - £3k of which has to be spent on consultation solution by January 2010. • Sourcing appropriate software has been carried out by the Improvement Unit; if agreed procurement will now have to be dealt with via ICT. This is a web based application. <p><i>Benefits</i></p> <ul style="list-style-type: none"> • Helps both authorities meet their Duty to Involve obligations, with increased opportunity to engage with the community on a range of issues • A wider spread of public opinion to inform the decision making process • A measure of public satisfaction with a range of council services • A means of obtaining rapid public opinion • A secure and confidential means of delivering the staff survey and member surveys 	<p>Limited Markets/Increased Costs: There are a limited range of consultation devices on the market. The proposed solution is the best fit in terms of mobility and customisation of surveys and further tendering would be wasteful. Delaying procurement and having to order new devices would incur a further cost of approximately £1600.</p>	<p>Cost for the hardware, and licences for a 3 year period = £11534.55. Budgets: £3000 from SWRIEP funding; £4000 from existing WDBC budget; and £4534.55 from existing SHDC budget. No ongoing annual costs. At the end of the three year period we may end the arrangement, opt for a rolling annual contract or negotiate a further multiple year deal. The hardware remains the property of the authority.</p>

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Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
Head of Improvement	<p>Procurement Of Consultation Software (continued)</p> <p><i>Benefits (continued)</i></p> <ul style="list-style-type: none"> • Can be used at parish meetings, Outreach and other community events. Mobility opens up access to electronic consultation to a wider audience • Different styles of survey can be adapted to suit the audience e.g pictorial options rather than words. • The software allows for multiple surveys to be run simultaneously including capture of corporate complaints and compliments • Electronic devices more likely to appeal to young people as a means of completing surveys. • Automatic translation means we are not disenfranchising visitors and residents from other countries e.g. Salcombe Harbour user surveys capture data from foreign visitors as well as English speaking members of the sailing community. <p>Failure to procure may lead to the following:</p> <ul style="list-style-type: none"> • Failure to meet the Duty to Involve by inadequate consultation with the community; • An increase in officer time spent on conducting and analysing surveys; • All planned consultation undertaken during Outreach activities will be paper based; • Increased expenditure on external contractors to deliver consultation exercises. This can be in excess of £6k per exercise. • Failure to consider the publics views when taking decisions – this has strategic, political and reputation implications • Failure to target funding on community priority areas. 	See above.	See above.

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Head of Community Regeneration	<p>Improvements to Planning Maps Web Application by Cadcorp SHDC have a web maps application developed using ASP.NET and Cadcorps Geognosis web service. This was developed with assistance from Cadcorp following a Cadcorp training course. The application has worked well but is now in need of improvement in a number of areas. Some of this work needs to be carried out by Cadcorp. These changes are essential to enable the public to view the new LDF proposals map by Jan 2010. The changes are to a website developed using Cadcorp tools (Geognosis). Cadcorp have already done much work in developing sites using this tool. Improvements are essential to provide planning policy maps in an easy to use format to the public.</p>	<p>Limited Markets: It is not possible within the timescale to develop this in-house, using the supplier of the system is the most cost effective.</p>	<p>4 days work at £900 per day, total £3600 Budget: the Council's Local Plan Reserve.</p>