

Executive – 4 December 2008

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.

RECOMMENDATIONS

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
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.	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.	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.

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
4 December 2008

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
<p>Head of Property Services</p>	<p>Feasibility Study - Swimming Pool at Ivybridge The Council, in July 2008, approved the sum of £1m as its capital contribution to the replacement of the swimming pool at Ivybridge. Additional funding will be required from partner organisations such as Tone Leisure and Devon County Council. A feasibility study needs to be commissioned to investigate and report on the viability, options and cost estimates for the provision of the replacement pool. The results of the study will provide the basis for a) securing capital funds from partners, b) developing the application for planning permission and c) completion of the project appraisal required for capital projects. In its approval to the capital programme the Council resolved that 'delegated authority be given to the Strategic Management Team to deliver the capital programme, including the procurement of appropriately skilled resources, to support delivery within the required timeframe, in consultation with the Leader and the appropriate Executive Member. The feasibility study is an essential element in the development of a capital project to determine its viability. Without a feasibility study it would be unsafe to proceed further with the project. The Council would then need to withdraw from its commitment. A fixed fee quotation for a feasibility study has been obtained from 'New Horizons' Consultants in the sum of £26,285. New Horizons have worked previously with Tone Leisure on similar projects. It is confirmed that there is no other link between the companies.</p>	<p>The Council's approved capital programme is being progressed at to a tight timetable. To achieve the programme it is necessary to appoint consultants who are familiar with this type of development and understand the operation of key funding partners to this project. Officers are satisfied that New Horizons are competent to be able to undertake the required feasibility study and the timeframe of the programme would be set back if two further consultants were to be invited to tender.</p>	<p>£26,285. The expenditure is within the £1m budget approved in the Capital Programme by Council on 24 July 2008.</p>