

Executive – 8 January 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.

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
<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.

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Internal Audit Manager

Executive
 8th January 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
<p>Head of Service – Salcombe Harbour</p>	<p>Maintenance Dredging – Salcombe Harbour The channel from the main fairway to the Fish Quay and Public slipway is not a natural channel but one cut through the mud flats. This channel does not self scour, the estuary being a ria with no significant river running through it, and therefore requires regular maintenance dredging. The Channel is charted as being dredged to 1 metre below chart datum. The channel was last dredged in 2003 by the RNLI, who paid for the operation to ensure access for their All Weather Lifeboat. A hydrographical survey was completed in the spring of 2008 which showed there had been considerable siltation of the channel with the charted depth being reduced by up to 0.7 metre close to the Fish Quay and slipway, making maintenance dredging a high priority if access is to be maintained for fishing and leisure vessels at all states of the tide. Following a competitive tendering process for traditional dredging, removal of spoil to a licensed dumping ground, the quoted costs were £160,000, £174,000 and £423,000. Even the lowest of these tenders is unaffordable to the Harbour finances. Maintenance dredging by its nature needs to be completed regularly therefore maintaining a dredged channel by traditional dredging over the longer term is unaffordable. This being the case alternative methods of dredging were investigated. A Dutch Company with a UK arm of their operation, have pioneered an alternative to traditional dredging which they have called Water Injection Dredging (WID). WID is unique to this company. The method they employ is a low pressure pump which blows water into the sea bed silt and re-liquefies it, allowing it flow out of the harbour on the ebb tide. This method is much less expensive as it removes the requirement for long transits to the spoil dumping grounds.</p>	<p>Limited Markets Traditional dredging has, through the recent tender process proved unaffordable. Only one company offers WID, making tendering a fruitless exercise.</p>	<p>The estimated cost of WID for the maintenance dredging of Batson Creek is £45,000. Not only is this affordable, but it opens up the option of dredging other areas of the Estuary such as Kingsbridge Basin, which otherwise would not be contemplated because of the prohibitive cost. A budget provision has been made for up to £50,000 from Reserves.</p>

**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
<p>Head of Service – Salcombe Harbour</p>	<p>Maintenance Dredging – Salcombe Harbour (Continued) If maintenance dredging is not undertaken, the channel to the Fish Quay will slowly silt and within a handful of years access would be tidally restricted. This would seriously impact the fishing and leisure industries within the Salcombe Estuary. Increased numbers of vessels would run aground in the previously dredged channel, which would be a matter of extreme embarrassment to the Harbour Authority. Although a FEPA disposal licence from DEFRA is not required for this method of dredging, the approval of Natural England is. They have concerns for the health of the estuary seabed flora and fauna and so have imposed a requirement for extensive monitoring of the project to measure the impact to the estuary by this method of dredging.</p>	<p>Limited Markets Traditional dredging has, through the recent tender process proved unaffordable. Only one company offers WID, making tendering a fruitless exercise.</p>	<p>The estimated cost of WID for the maintenance dredging of Batson Creek is £45,000. Not only is this affordable, but it opens up the option of dredging other areas of the Estuary such as Kingsbridge Basin, which otherwise would not be contemplated because of the prohibitive cost. A budget provision has been made for up to £50,000 from Reserves.</p>

**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 Community Regeneration</p>	<p>Sustainability Appraisal & Strategic Environmental Assessment of the South Hams Local Development Framework (LDF)</p> <p>The proposed appointment of sustainability consultants relates to the South Hams LDF. Additional specialist knowledge and expertise is required to carry out a Sustainability Appraisal (SA) and Strategic Environmental Assessment (SEA) for a number of Development Plan Documents (DPD) that will form part of the LDF. The DPDs are the Site Allocation DPDs to bring forward sites for housing, employment and other uses for Dartmouth, Ivybridge, Kingsbridge, Totnes and the Rural Areas Development Policies DPD.</p> <p>Broadly, the remit of the consultants will be to:</p> <ul style="list-style-type: none"> • Refresh the SA scoping report, relevant plans and programmes, and baseline data sections. This should include a detailed methodology and framework for DPD assessment. • Prepare a SA/SEA report for each DPD. It is expected that the appraisal of each site allocation DPD will be in two stages; a report to consider the options and a pre-submission report. Part of the preparation of the SA/SEA reports will involve a “critical friend” role in proofing the Sustainability Threshold Assessment report prepared by the Council. • To provide a validation role for the Habitat Regulation Assessments (HRA) for each DPD/SPD. The HRAs are currently prepared in-house. <p>The purpose of the appointment of consultants is to bring in additional resources and importantly, expertise, which if not procured will impact on the delivery of “sound” LDF documents, and therefore on the timely delivery of developments of affordable homes and job opportunities.</p>	<p>Limited Markets: There are a limited number of sustainability consultants within the region who have the range of experience and expertise required.</p> <p>The chosen consultants have existing in-depth knowledge of the South Hams LDF and have been retained by the Council since 2005 to undertake sustainability appraisal work including the SA/SEA of a number of LDF documents such as the Core Strategy.</p> <p>This commission was based on a best value tender exercise. The Council is also working to a tight timescale of preparation of LDF documents and progress will be delayed if this additional support from consultants is not secured.</p>	<p>Estimated at £25,995 from the Local Plan Reserve.</p>