

**Executive – 10 April 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.
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.
4. The circumstances are:
  - **Life or Death** – Is there a significant chance that the life or health of officers, members or the public will be put at real risk?
  - **Increased Costs/Loss of Income** – Will the Council incur significant avoidable costs or lose significant income (significant shall be taken to mean material in the sense that it is either material to the project, the service or the Council)?

- **Limited Markets** – Would the Council be wasting its time obtaining quotations as supply of the product or service is demonstrably restricted to one or few businesses (or a select list is recommended by Central Government)?
  - **Reputation** – Would the Council be criticised for failing to act promptly?
5. A pro-forma must be completed, signed and presented to Internal Audit which is also responsible for monitoring the use of all exemptions and ensuring that the exemptions are reported to the next available meeting of the Executive.
  6. Exemption requests in any other circumstances require a full report to the Executive for members' consideration.

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

7. The joint approval is required of the applicant's Head of Service or Strategic Director, Internal Audit, the S.151 Officer and Leader or Deputy Leader of the Council and 'a report must be prepared for the next Executive meeting to support the action taken'.
8. 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)**

9. The joint approval is required of the applicant's Manager, Internal Audit and Head of Service or Strategic Director, and 'a report must be prepared for the next Executive meeting to support the action taken'.
10. Appendix B summarises the applications for exemption to Financial Instructions approved through the exemption process since the last Executive meeting.

**Risk Assessment**

11. 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</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</p>

retains the control elements needed within a procurement process.		pressure situations.
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## Conclusion

12. 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  
10<sup>th</sup> April 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:**

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**

Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
	None, since March 2008 meeting.		

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

Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
Head of Landscape and Leisure	<p><u>Delivery of the Big Lottery Children's Play Project</u>            The Council has responsibilities to deliver the BIG Lottery Children's Play Ranger Delivery project, in line with the portfolio submitted May 2007.            The Play Ranger Delivery will provide a team of play rangers who will work in a park on a regular basis, to facilitate children's free play sessions.            Following the original application for project funding, one of the partner organisations, who were to deliver the Play Ranger element of the bid, found themselves without the capacity to deliver.            There is a limited market of suppliers specialising in the field of Play Provision. Consequently, we approached three known alternative providers for competitive tendering, all of whom have experience in the area of outreach work with children and young people.            Two of the providers are unable to tender for this project at this time. The third indicated a willingness to deliver the project and to catch up with the proposed number of sessions, for the first year, within the June 25<sup>th</sup> 2008 deadline. This falls within the Sport and Healthy Lifestyle Development plan that is part of the Council's leisure contract, with the same provider, which identifies young people as a target group.            If we are unable to deliver this project we will lose the funding from BIG and the community will not benefit from a project proposed from evidenced need, predominantly from young people themselves as identified within the South Hams Play Strategy 2006 – 2011, Action Plan. The outcomes from this project address four of the Key Actions identified in the South Hams Play Strategy:</p>	To Avoid Increased Cost, and Limited Markets.	£29,421 Budget in place. BIG Lottery Children's Play grant