

Executive – 16 July 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
 16 July 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
<p>Head of Community Regeneration</p>	<p>Sherford – Affordable Housing Delivery Mechanisms The appointment of consultants (ARK Consultancy) relates to the Sherford planning application and associated s.106 negotiations. The nature, scale and value of the development are such that an additional degree of expertise is considered essential to ensuring the Council secures maximum benefit from negotiations. Broadly, the remit of the consultants will be to assist the Council in analysing a proposed financial mechanism for the delivery of affordable housing at Sherford. To provide context, the affordable housing is a significant element of the overall s.106 pot. The purpose of the appointment is to ensure the Council secure maximum financial and community benefit from the Sherford new community. The consultants also have contacts and experience of working with the Council’s appointed solicitors (Bevan Britton), with the Council’s Viability Consultants (Knight Frank) and a range of other key people and organisations. These relationships and experience are extremely valuable. ARK have assisted the Council previously in relation to Sherford. For financial and time efficiency reasons, their historic knowledge is essential in order to meet the agreed timescales. Alternative consultants would require additional time and therefore increase the cost to the Council. The consultants have a strong reputation both generally and specifically in the areas of work the Council are seeking their involvement. They have a proven track record in s.106 negotiations backed up by a number of successful schemes. References from a range of regional Local Authorities, House builders and Housing Providers are available to support this. As part of the ongoing discussions it is also necessary to</p>	<p>Increased Cost / Loss Of Income: The speed of progress and agreement on various s.106 issues is increasing with a limited window of opportunity to ensure the best outcomes are being reached. The process of seeking formal estimates will be time consuming and will go beyond critical points in the process. The effect of missing key points and a general delay in the appointment of consultants may affect the outcome of negotiations which have a significant financial value. Limited Markets: There is a limited number of housing consultancies within the region who have the range of experience and expertise required. The choice is further limited by a requirement for the appointed consultants to have a broad range of relationships with key individuals and organisations relevant to the work. ARK Consultancy have an established relationship with the Homes & Communities Agency. In terms of an extension of the</p>	<p>The cost of the work with ARK to date amounts to £5,500. Further expenditure is unlikely to exceed £7k and will be capped at £10k. The extension of the work with Knight Frank is likely to have a maximum cost of £5,000. Budget in place: <i>Local Plan Reserve.</i> Any additional services beyond that limit will be sought through formal quotes or tenders in accordance with the Council’s procurement procedures.</p>

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

Appendix B

	<p>extend the current work of Knight Frank. This is likely to cost in the region of £2,000 to £5,000. Given the extremely tight timescales involved, it may be necessary to assign an element of this additional work to another consultancy which is currently advising the Council on other viability assessments. If this were to be required, the cost would be contained within the amounts mentioned above.</p>	<p>current work with Knight Frank, it is concluded that this would be the most efficient and cheapest way forward.</p>	
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**SUMMARY OF EXEMPTIONS TO FINANCIAL INSTRUCTIONS
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Appendix B

Lead Officer	Summary of the Application	Reason for the Exemption	Value and Budget
<p>Head of Customer Services</p>	<p>Housing Benefits: Performance Monitoring and Quality Assurance Software As part of the shared services strategy with West Devon Borough Council, a number of benefit assessment officers will be based from home. This type of remote working makes effective monitoring of productivity or the identification of training issues difficult and a software solution is required to inform the management team on a dynamic basis. Northgate provide a software solution that allows the screens visited and processes carried out by officers to be measured and reported on. It is integral to the core software and relies on data that cannot be extracted from the system in any other way. An official quote has been received form the supplier. Failure to procure this software would make the monitoring of remote works almost impossible and this could have a major impact on the numbers of staff being able to home work, the management resources needed to oversee those home workers and an inability to realise the productivity gains achieved by other Authorities with a similar set up.</p>	<p>Limited Markets: This software integrates to and extracts data from, the Northgate system in a way that is not accessible by any third party software in the market and therefore is the only possible solution for the department.</p>	<p>The costs breakdown is as follows: Software: £8K Consultancy to set up the software - £5K First years Support and Maintenance - £2K Total expenditure - £15K Recurring expenditure - £2K Budget in place: <i>Revenue & benefits software.</i></p>