

**Executive – 28 May 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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Executive  
 28 May 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 ICT and Elections Administrator</p>	<p><b>Elections 2009 Project</b>                      The Council's current supplier of Elections systems, Northgate Information Systems, has written stating the existing Pickwick system will not be supported after 1st December 2009. Pickwick is an end of life product and Northgate is pushing forward with its replacement.                      New electoral registration data standards from the Ministry of Justice (MoJ) are due on 1st Dec 2009 and Pickwick will not be compliant to the new data standards and continuing use would lead the Elections Officer open to criminal sanction as they will be in breach of their official duties. .                      Finally, the current support and maintenance contract for Pickwick expires in Sept 2009.                      In light of these factors ICT and Elections carried out an initial high level review of potential suppliers and products which was summarised in a mandate and submitted and reviewed by SMT on 7 Jan 2009.                      Although there are three potential solutions, SMT have agreed to pursue the 'Express' solution on the basis that the Council should align the Council's back office computer applications with those most prevalent across Devon and particularly near neighbours.                      It is intended to use the existing Pickwick system for the combined Local and European elections in June as it is understood from Northgate this possess minimal risk to us.</p>	<p>Aligning the Council's back office computer applications with those most prevalent across Devon and particularly near neighbouring Authorities. In the event of any re-organisation of local government in Devon as part of either local shared services or central government led initiatives having common systems will lead to efficiencies in operation and allow for more flexible and less costly re-organisation.</p>	<p>IEG Reserve Fund for procurement costs and Electoral Registration budget for recurring costs.</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
Head of Property Services	<p><b>Cliff Stabilisation Works</b>                      Geographical studies have identified the urgent stabilisation works required to protect the footpath and beach at Castle Cove, Dartmouth.                      The works are essential and users of the footpath and beach will be at risk from falling rocks if they are not carried out. Budget provision has been made in the capital programme to carry out the works.                      Three locally based (South West) specialist companies were asked to submit quotations:                      Two replied:                      Celtic Rock Services, Buckfastleigh £37,876 and Vertical Technology Ltd., Hampshire £40,598.52.                      It is believed that the set up costs of a firm from outside of the region would mean that they would not be able to compete with the quotations received.</p>	<p><b>Limited Market/Life or Death/Embarrassment:</b>                      The number of specialist firms able to carry out cliff stabilisation works is limited. The works should ideally be carried out before the summer season so time is of the essence</p>	<p>£37,876                      Capital Programme</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 Environment Services</p>	<p><b>Disposal of Refuse Compaction Vehicle – Fleet No. 174</b>                      The standard route for the disposal of refuse compaction vehicles (RCV) when they have reached the end of their economical life is to send them to auction. The preferred auction house being, Merthyr Motor Auctions who specialise in the sale of refuse compaction vehicles.                      The auction house collects the vehicle and charges the council a fee for collection and sale. Typically there are examples whereby the sale price has been up to £2000 and the council receives 50% of the figure i.e. £1000.                      There are some occasions where vehicles remained unsold and ultimately are scrapped and the council covers its costs. An opportunity has arisen whereby a local business man has asked if he can purchase a refuse vehicle direct from the Council. The business in question is run by a Mr A Goatman who collects and disposes of dead animals. He runs a local business which is supported by the farming community. The District Council also makes use of his services when dead animals appear on the public highway.                      If this sale does not take place, the Council would then revert to disposing of the vehicle via an auction house.</p>	<p><b>Loss of Income:</b> Financial regulations require vehicles to be disposed of via an auction house or part exchange. The request for exemption will allow for the Council to sell directly to a third party and enjoy a greater return.</p>	<p>Net return on selling RCV to Mr Goatman £2000.                      This is against the figure of about £1000 the Council would receive if sold via the auction house.</p>