

Meeting of: AUDIT COMMITTEE

Date: 26 JANUARY 2005

Report of: HEAD OF FINANCIAL SERVICES

Reference: aud/audcom/260105/partnership framework & CPR

Title: FRAMEWORK FOR PARTNERSHIP WORKING & REVISED CONTRACT PROCEDURE RULES

PUBLIC/EXEMPT ITEM

This item is for consideration in the public part of the meeting.

PURPOSE OF THE REPORT

To inform Members of the development and implementation of a Framework for Partnership Working and the Procurement Through Partnering Guidelines, and to recommend that the Revised Contract Procedure Rules be submitted to Council for adoption.

RECOMMENDATIONS

1. That the *Framework for Partnership Working* and the *Procurement through Partnering Guidelines* in support of the Council's Procurement Strategy be noted.
2. That the Audit Committee recommends that full Council adopts the *Contract Procedure Rules*, as amended, set out in this report.
3. That the Committee recommends to Council that all future amendments to the Constitutions Financial Regs/Contract Procedure Rules are delegated to the Audit Committee.

REPORT

1. FRAMEWORK FOR PARTNERSHIP WORKING AND PROCUREMENT THROUGH PARTNERING GUIDELINES

- 1.1 In line with the National Procurement Strategy for Local Government, the Council's Procurement Strategy set a target date of December 2004 for the Council to set out its approach to partnering in service delivery and in construction projects. This target was successfully achieved through the introduction of the Council's *Framework for Partnership Working* and the *Procurement through Partnering Guidelines* in November 2004. Both documents are available on the Procurement pages of the Council's Intranet and website.
- 1.2 The documents were developed by the Procurement Strategy Group in support of the Council's Procurement Strategy and set out clear guidance on how the Council will meet the strategic objective of delivering better services to citizens through the creation of sustainable partnerships between the Council and suppliers in the public, private and voluntary sectors for the delivery of services and the carrying out of major projects, including construction.

- 1.3 The *Framework for Partnership Working* supports the Council's strong commitment to partnership working through the Community Strategy and related objectives in the Council's Corporate Plan and demonstrates how this will be achieved through working in partnership.
- 1.4 Specifically, the Framework defines what are considered to be the main policy drivers, types of partnership and service delivery models that will be subject to the framework and explains the main reasons for entering into a partnership. It also sets out the essential elements and features in setting up and sustaining a successful partnership arrangement in checklist form and incorporates a Partnership Assessment Tool aimed at providing a simple, quick and cost effective way of assessing the effectiveness of partnership working.
- 1.5 The Procurement through Partnering Guidelines provides more detailed guidance on partnering in construction based on the Governments Rethinking Construction principles. This form of partnering is one of the more advanced contract management techniques and the guide sets out the partnering process and principles to achieve enhanced contract performance and improved customer service. The Council currently has several partnering arrangements in place with private sector constructors for high value/high risk projects that have been procured on a best value for money basis.

2. REVISED CONTRACT PROCEDURE RULES

- 2.1 Developments in best value procurement and partnership arrangements have required the revision of the Council's Contract Procedure Rules. The draft Contract Procedure Rules attached to this report set out, in much more detail than has previously been the case, officer responsibilities and accountabilities when procuring works, goods or services on behalf of the Council to ensure the highest standards of integrity and fairness and consistency in all its procurement activity.
- 2.2 Officers (referred to as Responsible Spending Officers) delegated authority in relation to procurements is set out in the revised Contract Procedure Rules taking into account the Key Decision process in relation to an executive function that is likely to result in revenue or capital expenditure exceeding £50,000, referred to as High Value Procurements in the Contract Procedure Rules. This represents a significant increase from the previous threshold for procurements subject to competitive tender of £20,000, but is considered to be a more realistic value, and has given the opportunity to increase the financial thresholds for both low value and intermediate procurements to up to £10,000 and £10,000 - £50,000 respectively.
- 2.3 In addition the Contract Procedure Rules provide more detailed guidance on procurements subject to the EU's Public Procurement Regulations, including Appendices setting out current financial thresholds and timescales for the receipt of tenders under each of EU Procurement Directives. Further information is also provided on tendering procedures and the requirements for procedures relating to 'Pre-Tender Market Research and Consultation, Invitation to Tender and Post Tender Negotiation, for example. Throughout the document footnotes provide explanations of various legal and technical terms; refer to supporting contract user guidance and policy documents available on the Council's Intranet, and identify where further support/advice can be obtained.
- 2.4 As more projects are procured on the basis of award criteria aimed at identifying the supplier capable of providing best value for money (rather than simply lowest price) taking into account quality aspects of the procurement and partnering arrangements, it is considered necessary to amend the Chief Executive's delegated responsibility for the award of contracts.

- 2.5** The current Scheme of Delegation does not allow the Chief Executive to accept other than the lowest priced tenders and as such the Contract Procedure Rules have been amended so that the Chief Executive may award contracts on behalf of the Council to the supplier submitting the most economically advantageous tender provided it does not exceed the approved budget provision identified in the business case for the procurement. As is the case currently the decision to award a contract where the tender sum exceeds the approved budget provision will be made by Cabinet.
- 2.6** The revised Contract Procedure Rules also support, and make reference to the Council's Procurement Strategy, particularly in relation to the need for a Corporate Procurement Plan setting out the Council's proposed projects for the next three financial years and the need for officers to establish a business case for the procurement and to consider the most appropriate procurement method. Under this section of the Contract Procedure Rules basic information is given on the types of procurement that may be considered, including Framework Agreements, joint procurement (collaboration) with other local Authorities and/or public bodies, partnering for construction projects and e-Procurement solutions.

3. CONCLUSIONS

- 3.1** The *Framework for Partnership Working* and the *Procurement through Partnering Guidelines* have been implemented in support of the Council's Procurement Strategy approved by Cabinet on 03 August 2004. Members of the Audit Committee are requested to note that these documents have been developed and placed on the Council's Intranet and website as best practice guides and to provide information to potential partners of the Council's adopted arrangements for working in partnership.
- 3.2** It is the responsibility of Council in accordance with Part 3 § 1 of the Council's Constitution to adopt any proposed changes to the Contract Procedure Rules and, subject to the comments of Audit Committee, the Contract Procedure Rules, as amended should be recommended to full Council for adoption.
- 3.3** Compliance with these documents will be reviewed by Internal Audit in line with arrangements being made for the future assessment of the Council's internal control and corporate governance arrangements in accordance with the Accounts and Audit Regulations 2003.

FINANCIAL IMPLICATIONS

There is no direct financial implication as a result of this report. The documents strengthen the Council's commitment to partnership working and achieving best value for money.

LEGAL IMPLICATIONS

Legal Services have been consulted and have contributed to the drafting the revised Contract Procedure Rules.

RACIAL EQUALITY, EQUAL OPPORTUNITIES AND SUSTAINABILITY IMPLICATIONS

The proposed revised Contract Procedure Rules raises awareness of the Council's obligations in relation to racial equality, equal opportunities and sustainability matters when carrying out procurement.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and his comments reflected in the report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and her comments are included in the report

BACKGROUND PAPERS

Council's Procurement Strategy