

 Executive 6 April 2016		Agenda Item No. 3
Title	Codes of Procurement Practice	
For further information about this report please contact	John.roberts@warwickdc.gov.uk Mike.snow@warwickdc.gov.uk	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers		

Contrary to the policy framework:	
Contrary to the budgetary framework:	
Key Decision?	
Included within the Forward Plan? (If yes include reference number)	
Equality & Sustainability Impact Assessment Undertaken	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	21 st March 2016	Andy Jones
Head of Service	21 st March 2016	Mike Snow
CMT	21 st March 2016	Chris Elliot /Andy Jones/ Bill Hunt
Section 151 Officer	21 st March 2016	Mike Snow
Monitoring Officer	21 st March 2016	Andy Jones
Finance	21 st March 2016	John Roberts
Portfolio Holder(s)	21 st March 2016	Cllr Peter Whiting
Consultation & Community Engagement		
Senior Management Team Procurement Champions		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report presents proposed amendments to the Code of Procurement Practice and the introduction of an Ethical Procurement Statement, a Sustainable Procurement Policy and a Social Value Policy.

2. RECOMMENDATION

- 2.1 That the Executive recommend that the Council adopt the updated Code of Procurement Practice as detailed in the attached Appendix 1 and the accompanying Ethical Procurement statement (Appendix 2), Sustainable Procurement Policy (Appendix 3) and Social Value Policy (Appendix 4).

3. REASONS FOR THE RECOMMENDATION

- 3.1 The Council's Code of Procurement Practice was last formally reviewed and amended in 2010. It is recognised good practice to keep this document under review and make amendments as necessary to meet the changing environment in which the authority, its services and its finances operate.
- 3.2 The notable changes to the Code are the thresholds for the relative tender processes, with the threshold for which three quotations to be obtained by the Head of Service being increased from £5,000 - £9,999 to £5,000 - £24,999. Contract values in the range £25,000 - £49,999 would continue to require formal quotations using the Intend Procurement system. This change will put the Council's practices in line with the Government's requirements. The lower threshold of £10,000 for formal quotations applies to Central Government.
- 3.3 In line with current trends within Local Authorities it is proposed to adjust the contract values to ensure there is greater flexibility to support managers with low level spends whilst still maintaining the necessary level of Procurement oversight and management to ensure compliance, probity and to minimise risks.
- 3.4 In order to detail the workload implications the tables below show the number of contracts issued during 2015/2016 that falls within the amended contract value range.

Value Range (current CoP rules)	
£5k - £9,999	8 tenders
£10k - £49,999	17 tenders
Over £50k	15 tenders

Value Range (proposed change to CoP rules)	
£5k - £24,999	19 tenders
£25k - £49,999	6 tenders
Over £50k	15 tenders

- 3.5 The Procurement Team workload capacity is limited with it only being a small team. The change in thresholds will help ensure the team is effective and efficient and is able to concentrate on contracts of medium to high level spend (above £25,000) and those of strategic and "political" importance with a high level of potential risk to the Council.
- 3.6 The Procurement Team have successfully implemented the use of the "quick quotes" option on the E tendering portal and it is proposed to roll this facility

out to managers, whilst retaining overall procurement oversight and management to ensure compliance, probity and to minimise risks.

- 3.7 To promote procurement opportunities within the local economy the proposed Code has been amended to ensure that a minimum of two local suppliers must be invited to bid. Also, to increase the number of local SME's registered on the E Portal, Invitations to Participate will be circulated using Federation of Small Businesses weekly e-newsletter.
- 3.8 The Code also introduces the Sustainable Procurement Policy, Ethical Procurement Statement and Social Value Policy in line with current practices within Local Authorities. The Sustainable Procurement Policy and Ethical Procurement Statement is required to meet the Council's obligations in accordance with the UK Government Sustainable Development Strategy.
- 3.9 The updated Code also refers to the need to adhere to the Guide to Tender Evaluation. The purpose of this guide is to assist members of the evaluation panel assess tender submissions and to ensure practice and procedures employed to carry out this activity conform to the Council's obligations of Integrity, Transparency and Accountability. The guide provides information in relation to the evaluation process and timetable of events, scoring responses and procedural fairness, and scoring sheets and a declaration of confidentiality and interest form to be completed by each panel member.
- 3.10 The Code seeks to re-enforce the need for the Procurement Manager to be consulted ahead of proposing to extend a contract, including using an extension option within the original contract. The purpose being to ensure that value for money reviews are systematically carried out by the Heads of Service, with advice from the Procurement Manager in a timely manner. It is necessary to ensure that options to extend contracts are not committed to without due consideration of the contract performance. Where it is identified that the current contract is no longer delivering value for money and / or regularly achieving the level of service and quality levels required by the Council and / or where the requirement is no longer appropriate, suitable and timely action plans will be implemented.
- 3.11 Other notable updates proposed to the Code of Procurement Practice Include:-
- Section 10 – Constructionline shall be used as the basis for selecting contractors for works and construction related consultants to quote or tender for contracts up to the value of the EU limits for Works and Services
 - Section 11.1.1– The Procurement Manager (or nominated deputy) will be responsible for opening Tenders (Opening Ceremony) in respect of all tenders and quotations issued via the e-tendering portal
 - Section 11.8 – Clarification of "Alcatel" standstill period
 - Section 14 – Appointment of Consultants

4. POLICY FRAMEWORK

- 4.1 The Code of Procurement Practice is a fundamental element of the Council's policy framework. Its purpose is to ensure that appropriate contracts are procured to meet the service requirements and are subsequently properly managed. By introducing the Sustainable Procurement Policy, Ethical Procurement Statement and Social Value Policy the Council will be better

placed to demonstrate that it is achieving value for money from its expenditure and that its contracts and services are being managed in an open and transparent manner, in line with the Council's Core Values.

4.2 Fit for the Future

As part of the Council's policy framework, the Code of Procurement Practice underlines how the Council acts in securing and managing its procurement requirements to meet the aims of 'Fit for the Future' by enabling it to maintain or improve its services (Service); achieving a sustainable balanced budget (Money); and, enhancing the skills and knowledge of staff to procure better (People).

5. BUDGETARY FRAMEWORK

- 5.1 The Code of Procurement Practice complements the Code of Financial Practice in ensuring that financial best practice is applied to the procurement of goods, services or works. Compliance helps protect the Council by minimising procurement risks, whilst ensuring best value is obtained.

6. RISKS

- 6.1 It is important that all procurement exercises across the Council comply with the relevant procurement regulations and directives and also the Council's Code of Procurement Practice. By following this approach the Council will reduce the risk of challenge. It should ensure that the Council obtains Value for Money by applying procurement 'best practice'.
- 6.2 Procurement exercises are managed in line with all Procurement legislation. By implementing the changes expenditure by the Council teams will be managed and controlled to ensure compliance.
- 6.3 Clear and robust contracts will ensure delivery of the required business needs in line with the obligations set out in the contract documentation. Failure to have in place clear contract arrangements increases the risk to manage the expectation of the service from the provider due to:
- Lack of clarity in the requirements
 - No price control
 - No clear ownership of tasks / obligations
 - No contract management performance targets

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 The amended document sets out how the District Council's procurement arrangements should operate so as to comply with best practice and current legislation. The updated Code should therefore be accepted in its entirety.