

## Revised Contract Standing Orders - Summary of main changes

### The main changes to CSOs are:

- Single Tender Action (STA) (i.e. no commercial competition): CSOs now permit Directors to authorise STAs up to £100k (CSO 2.2.1). However Directors and Group Directors must retain a record of all approved STAs and the rationale for approving them. These must be submitted to the Group Director of Finance and Corporate Resources on a quarterly basis, and will be recorded in the OFP.
- Provisions exist for STAs £100k+ contracts where commercial competition cannot be sought or where there is genuine urgency which is not because the Council has failed to act in good time to be signed off. These can only be approved by the Group Director of Finance and Corporate Resources or his designated deputy
- Directors (rather than Group Directors) are now explicitly responsible for much of the contracting process
- There are new provisions that can be exercised by the Group Director for Children, Adults and Community Health in respect of individual social care contracts to ensure vulnerable individuals interests are always put first
- For £100k+ The Procurement Gateway now has just two stages – Business Case and Contract Award.
- Benefits realisation (Contract Review) reports no longer form part of the Gateway, and neither are Group Directors' presentations to CPC. However Group Directors and Directors need to be assured of the performance of their services whether delivered by staff or contractors in order to fulfil their roles. Therefore they should be informed of contract performance through their appointment and management of Contract Managers.

To support contract management across the Authority and ensure visibility of contracts performance on an ongoing basis (by relevant officers) the following improvements will be put in place by the Procurement Service:

1. A comprehensive approach for contract management arrangements and resources to be provided by officers in Contract Award reports.
2. A snapshot of contract performance and benefits realised to be included Business Case report for expiring contracts that are being re-procured.
3. A contract management tool that will provide Directors/Group Directors with visibility on their contracts and a 'dashboard' to give snapshot accounts on performance at any given time will be implemented.
4. A programme of contract management training will be rolled out across the Authority to ensure contract managers have the necessary knowledge and skills to ensure performance is maximise and value added for our residents through our contracting arrangements

## **Procurement Gateway approval & Levels of Approval:**

Low Risk contracts can be considered at business case stage and awarded at directorate level by Directors and Group Directors subject to their delegated limits (£500k or £1m) and the requirement to have contracts sealed by Legal Services (which increases the window for a claim by the Council in the event of latent defect from 6 to 12 years) is now £500k.

Medium risk contracts of unlimited value can be agreed at Business Case stage by HPB and at Contract Award up to £2m. CPC will agree Contract awards above this value.

High risk contracts are considered at Business Case and Award stages at Member level by CPC.

**Table: Gateway approvals**

<b>Risk Category</b>	<b>Contract Value</b>	<b>Business Case Approval</b>	<b>Contract Award Approval</b>
LOW	Up to £500k	Directors	Directors
	£500k - £1M	Group Directors	Group Directors
	£1m - £2m	Group Directors	HPB
	£2m +	Group Directors	CPC
MEDIUM	Up to £2m	HPB	CPC
	£2m +	HPB	CPC
HIGH	Regardless of the value	CPC	CPC

## **Highlighted specific changes**

- 1.4 More clarity is provided around Partnerships and the legal obligations that may arise when forming partnerships.
- 1.5 Specific reference is made about having regard for LLW in services and works contracts. This deliberately stops short of saying that the LLW must always be paid, to take account of exception circumstances where it cannot and to avoid fettering discretion on Value for Money). However, the presumption is that LLW will be paid to payment unless

there are cogent and compelling reasons why this is not possible. Any case where it is proposed *not* to pay LLW will be dealt with by CPC.

- 1.8.2 The contract value for which a bond or guarantee must be considered has been increased from £250k to £1m (it can always be considered for lower values if required).
- 1.10.4 Pooled Funding Arrangements can take precedence over CSOs – but CSOs apply in the absence of other procedures.
- 2.7.3 All ICT related procurements (including procurements which have implications for the Council’s information assets) must be agreed and approved by the Director of ICT.
- 3.8.3+4 Requirement for sealing has been raised from £100k to £500k to speed-up the execution of smaller contracts, whilst retaining the 12 year benefit of claim protection that sealing affords for larger contracts (compared to 6 years for contracts signed “under hand”)
- 4.0 Contracts variations and extensions can now generally be agreed up to limits of delegated financial authority. Sometimes confusing provisions based upon the percentage by which a contract is going to be varied are abandoned except for the smallest level of variation which can be undertaken by a Contract Manager or Contracting Officer without reference to their Director.
- 5.0 Greater distinction is made between framework contracts let by the Council, and those let externally and by G-Cloud. There is also greater clarity on when an order can be placed to draw down on a framework or when using a framework is regarded as a new procurement which must be considered using the Gateway Process.
- 7.0 Defined terms for various names and phases used in Contract Standing Orders are provided.