



AUDIT COMMITTEE REPORT

Report Title	Procurement Service
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date: 27 July 2015

Policy Document: Yes

Supporting documents and contact information can be found on the Procurement pages of NBC intranet:

Also:

- NBC Contract Procedure Rules
- NBC Constitution
- LGSS NBC Procurement Best Practice Guide

Directorate: LGSS

Accountable Cabinet Member: Cllr M Hallam

1. Purpose

- 1.1 To provide an update on the procurement process, support and advice in place.

2. Recommendations

- 2.1 Audit Committee note the contents of this report.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The role of the Central Procurement Team is to provide specialist advice and support to council staff whilst also ensuring that the Council obtains the best value for money on all goods, works and services commissioned from third parties. The Central Procurement team support the Council in aiming to comply with the UK and European legislation which governs the procurement of these goods, services and works in the public sector. The Central Procurement Team is part of the LGSS structure.

- 3.1.2 The first point of contact for Northampton Borough Council is Gus de Silva, Strategic Procurement Manager, who can be contacted at gdesilva@northamptonshire.gov.uk.
- 3.1.3 The procurement processes to be followed and the documents to be used will depend on the value, risk and complexity of each procurement. The process will also be influenced by whether the procurement relates to a recurring requirement for which a budget is already in place or whether it relates to a new requirement for which funding needs to be sought. Officers should check which is the right process for them regarding their budget, service plans and information requirements to aid decision making.
- 3.1.4 It is imperative that Officers are able to ascertain how the funding that is required is raised and gain initial understanding of requirements. It is particularly relevant for new projects for which budget is not currently in place.
- 3.1.5 Where the procurement is expected to result in a contract with a total value in excess of over £20,000, the Central Procurement Team must be consulted at the start of the process before potential suppliers are contacted so that a commodity/procurement strategy may be agreed with the service. The team can also be consulted for procurements under £20,000, if desired. This is in accordance with the Council's Contract Procedure Rules. There are a number of conditions in the rules to allow for exceptions and exemptions to these rules which an Officer can choose to take up if they wish, subject to receiving the necessary approval for this alternative approach.
- 3.1.6 The table below indicates the purchasing behaviours at various thresholds.

	Goods, Services or Works Contract Value		Type of enquiry/tender/contract
	From (£)	To (£)	
Simple Purchase	0	100	No quotation required.
	101	2,000	Quotation from a minimum of two suppliers. Prices are to be recorded on a quotation sheet.
	2,001	20,000	Written quotations ('enquiries') from a minimum of three suppliers. A faxed or e-mailed quotation will be acceptable.
Low Value Contracts	20,001	75,000	Written quotations ('enquiries') from a minimum of three suppliers; must seek advice from Procurement. Enquiry should contain a simple form of the Council's Terms and Conditions.
High Value Contracts	75,001	Above	Must comply with the full tender process as determined in the Contract Procedure Rules
	*172,514	Above	EU Goods and Services Directives apply; must seek advice from Legal as well as Procurement.
	250,000	Above	If a key decision, then contract must be under seal. Apply 'Key Decision' principles to all contracts.
	*4,322,012	Above	EU Works Directives apply.

- 3.1.7 The thresholds currently in place at NBC are lower than is typical of other Councils.
- 3.1.8 To support officers with any procurement process the Central Procurement team provide “Request for Quotation” documents for Officers to utilise for up to £75k, this documentation is held on the NBC website for ease of access. This contains guidance and how to conduct quotations as efficiently as possible.
- 3.1.9 To ensure that any procurement related benefits are captured, a part of the planning process for the Central Procurement Team will be to capture and agree existing baseline spend/costs. They do this by issuing a Summary Procurement Proposal (SPP) which asks the relevant questions that need answering at the earliest stage of the procurement. Details of the SPP can be found on the NBC Intranet at:
<http://nbcnet.nbcdomain.nbc.gov.uk/info/20259/finance/290/procurement>
- 3.1.10 When Procurement transferred to be part of LGSS, various communications and participations to attend service area meetings were made to introduce the team and reiterate the contact points. LGSS Procurement issued a Best Practice Guide to brief Officers on the best approaches to conducting a procurement. This is not mandated in the same way as the contract procedure rules, but is a useful document for budget managers of the Council to be familiar with.
- 3.1.11 All procurements made on behalf of the Council must be made in line with the Council’s Constitution, the Contract Procedure Rules, and any applicable legislation. The Contract Procedure Rules can be found in the Council’s Constitution on the NBC website at:
http://www.northampton.gov.uk/downloads/file/6256/nbc_constitution_feb_2013_v2_0
- 3.1.12 Where there may be a conflict, U.K. or E.U. legislation will take precedence over Council rules and policies.
- 3.1.13 The Contract Procedure Rules currently in place are in need of an update. A draft revision consisting of recommendations and changes to reflect modern best practice and latest legislation was put forward to Council officers by the Central Procurement Team earlier this year. Implementation was put on hold while the elections took place. In addition the EU Regulations have been updated and there are further amendments necessary following new requirements for advertising and awarding and other transparency measures.
- 3.1.14 Revised Contract Procedure Rules will be brought to Cabinet and Full Council in future to be reviewed in advance of approval.

3.2 Issues

- 3.2.1 See 4.2

3.3 Choices (Options)

- 3.3.1 N/A

4. Implications (including financial implications)

4.1 Policy

4.1.1 The Contract Procedure Rules will be updated in due course to ensure NBC is able to operate effectively when undertaking procurement.

4.2 Resources and Risk

4.2.1 Without changes to the NBC constitution, Contract Procedure Rules, there are possible breaches to the EU regulations such as transparency reporting and advertising requirements which were introduced earlier this year. Without a Council amendment to the constitution NBC will be in breach.

4.2.2 The changes to the constitution will require a full political approval of any changes due to the risks associated with them. This will require various stakeholder and officer approval such as the Borough Secretary, Legal Services, Audit, Procurement and various representatives from service areas within NBC.

4.2.3 Consideration to Northampton Partnership Homes (NPH) needs to be given to ensure the processes take into account this new relationship.

4.3 Legal

4.3.1 See 4.2 and 4.5

4.4 Equality

4.4.1 The Contract Procedure Rules will no doubt have to comply with any equality aspects. There are built in equality measures for procurement within the EU Principles which govern all public sector procurement'

4.5 Consultees (Internal and External)

4.5.1 A range of consultees will need to be involved when the revised contract procedure rules are being implemented.

5. Background Papers

See Procurement pages of intranet:

<http://nbcnet.nbcdomain.nbc.gov.uk/info/20259/finance/290/procurement>

- NBC Contract Procedure Rules
- NBC Constitution (NBC Website)
- LGSS NBC Procurement Best Practice Guide

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