

CONTRACT STANDING ORDERS (CSOs)

Position Statement 2023/24

Context/Constraints:

- Under the Constitution, Financial Regulations and Contract Standing Orders (CSOs) are reviewed and updated if appropriate on annual basis
- The last review of these occurred in April 2022
- The April 2023 review was deferred to September 2023, due to the elections, resource pressures within the Procurement Team, as well as the various transformation programmes
- There are a number of key transformation/change programmes which will have implications and an impact on the way the council evolves, namely:
 - o A new Target Operating Model for the council and specifically for Corporate Resources
 - o On-going work with PwC and internal transformation programmes
 - o The appointment of a new Chief Executive
 - o Permanent recruitment to the Procurement Leadership Team; including the Head of Procurement and Strategic Procurement Managers is pending to provide a long term strategic direction for the function
 - o Centralisation and devolution of resources for different parts of the council
- The Procurement Bill is still making its way through Parliament and is unlikely to be enacted and adopted until October 2024
- In light of the points above and the lack of clarity on key strategic anchors, it would not be prudent to make any significant changes to the CSOs given the evolution of the council. Appropriate training and communications plan is required to manage any potential disruption and confusion the changes may cause
- The focus will instead be on improving compliance and understanding with the current CSOs and also developing the necessary processes and systems to build a solid foundation that would support more substantive changes for 2024/25
- Broader engagement, consultation and co-production is also required from key stakeholders to ensure the new CSOs are fit for purpose and thereby have the required 'buy-in' and ownership to enable their successful implementation/adoption

Proposed Changes to CSOs

- The current CSOs state £25,000 (inclusive of VAT) as the threshold to advertise and conduct a competitive process via the Council's e-tendering system (YORTender). However, this is not currently inline with government requirements, which means that more contracts are subject to the advertising regime and other procurement rules than is necessary.
- Approval is therefore being sought to increase the current £25,000 (inclusive of VAT) threshold to £30,000 (inclusive of VAT) in line with national requirements.
- To ensure consistency in the CSOs and to mitigate against any confusion for officers, it is also proposed to amend the threshold from £25,000 (inclusive of VAT) to £30,000 (inclusive of VAT) for Exceptions and Variations.

- This will require amendments to the following parts of the current CSOs:
 - o The definition of 'Exception Log' on page 2 of the CSOs
 - o Section 7.2
 - o Section 10
 - o Section 11
 - o Section 15.1
 - o Section 19.9
 - o Section 20.2, 20.3 and 20.5
 - o Section 21.7
 - o Table 1 – Value Band 1 and 2

- Approval is also being sought to remove reference within section 10.3 and 19.9 of the CSOs for all contract awards above £5,000 to be recorded on the YORtender system. For contracts awards currently up to the value of £25,000 (inclusive of VAT) the authority for approval is within the service areas, therefore it is not straightforward to implement this requirement across the Council - more importantly there is not any material benefit or requirement to do so. Please note that contract awards of £25,000 and above (inclusive of VAT) (or £30,000 and above inclusive of VAT if the proposed recommendations are approved) will still be required to be recorded on the YORtender system.

Proposals/Position Statement:

- It is acknowledged that some ambiguity may remain for 2024/25, therefore we recognise the need to provide assurance of the strategic 'direction of travel' and what the key priorities/focus for the new CSOs would be

- The additional time will also enable a more detailed options analysis and understanding of what is needed

- Align with new Procurement Bill, which puts a greater emphasis on transparency and 'front end' planning and engagement
 - o **Roles, Responsibilities and Timelines**
 - Greater clarity and understanding across the organisation of roles within the 'commissioning cycle', who is accountable at which stage and appropriate timescales at each stage to enable a robust process
 - 'Appropriate' and 'Authorised' Officers responsibilities clearly articulated
 - Corporate Resources 'offer' clearly outlined

 - o **Processes and Systems**
 - Prioritisation of processes - those that will have the greatest impact
 - Simplification and streamlining of such processes e.g., contracts register, report templates, one-click guides etc
 - Greater clarity and differentiation on strategic vs self-service elements
 - Above and below threshold responsibilities clearly emphasised
 - Appropriate systems, tools and templates in place, with requisite training and guidance developed

- **Governance and Compliance**
 - Forward Planning 'Procurement Pipeline' needed to enable project and resource planning; centrally held with onus on service areas to update – currently this is on an annual basis, but will need to consider 3 years to reflect best practice and legislative changes
 - No PO, No Payment – need to manage historic non-compliant/retrospective practices and ensure adequate agreed actions are in place
 - Establishment of a 'Assurance Board' to enable risks to be managed and adequate 'check and challenge' from respective Corporate Resource functions
 - 'Gateway' process - Business Case & Strategy, Award, Benefit Realisation, with standardised templates – ensuring robust assurance processes at each milestone of a programme/project
 - Appropriate platform/system in place to ensure consistent saving/logging of key documents to help facilitate more effective contract management post award

- **Local Supply Chain**
 - Exploring opportunities to better engage our local businesses and supply chains
 - Mandate of encourage requirements such as:
 - requiring 1 or more organisations to be locally based when obtaining quotes
 - consideration of a 'Lot' based approach for high-value/strategic contracts
 - mandating that high-value/strategic contracts, sub-contract x% to a locally based organisation where appropriate
 - having a publicly advertised Procurement Pipeline, which allows our local supply chain to identify, plan and be considered for future opportunities
 - holding 'rolling' workshops to encourage and support local businesses to sign up and complete any due diligence requirements on our tendering portal
 - holding supply chain events to link small organisations with larger ones
 - streamlining and simplifying our procurement documents to enable smaller organisations to bid for work

- **Strategic Contract Management, Social Value/Outcomes and Benefits Realisation**
 - Development of a Contract Management Policy/Toolkit to promote a consistent and robust understanding across the council
 - Segmentation of suppliers into 'Strategic, Operational and Transactional' to encourage more focused use of resources
 - Improved process of embedding, tracking and reporting of Social Value/Outcomes to ensure benefits are being realised
 - Development and training in promoting commercial capabilities and contract management skills

- Intention is to develop processes and systems for some of the key measures above and implement these in time for the 2024/25 review of the CSOs
- Greater clarity on the changes to the Procurement Bill can be considered
- Will enable resourcing and transformational activity to become clearer and ensure changes are reflective of the future needs of the council