

General Purposes Committee

on 2 March 2006

Report Title: Amendments to Contract Standing Orders on Tender Opening	
Report of: The Head of Legal Services and Monitoring Officer	
Wards affected: All	Report for: Recommendation to Council
1. Purpose 1.1 To ask Members to approve changes to Contract Standing Orders on Tender Opening so as to have a uniform procedure for all tenders regardless of value	
2. Recommendations 2.1 That Members recommend to full Council the adoption of the changes to Contract Standing Orders, set out in Appendix 2 to this report, to have effect as amendments to Part G.3 of the Council's Constitution	
Report authorised by: Davina Fiore Head of Legal Services and Monitoring Officer	
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3.1 Executive summary and Reasons for Change This report sets out proposals to introduce a uniform procedure for tender opening in Contract Standing Orders. This would replace the requirement that all tenders estimated at over £150,000 must be opened by the Legal Service. This is not a cost effective use of staff resources. Measures are proposed by the Head of Procurement to ensure the independence of tender opening officers in each Directorate and a proper audit trail to monitor compliance for all tenders	
4. Access to information: Local Government (Access to Information) Act 1985	

The following background papers were used in the preparation of this report and can be inspected at the Alexandra House, 10 Station Road, Wood Green, London N22 7TR by contacting Terence Mitchison on 020 8489 5936:

- (i) Legal Service file on this matter.
- (ii) The Council's Constitution

5. Summary

- 5.1 In January 2005 General Purposes Committee (GPC) considered a report recommending that amendments be made to Contract Standing Orders (CSOs). The text changes are set out in Appendix 2.
- 5.2 The main purpose of the changes was: (i) to remove the duty of tender custody and opening in relation to tenders estimated at over £150,000 from legal service staff because this was not cost effective, and (ii) to introduce a uniform procedure with suitable safeguards for all tenders.
- 5.3 GPC Members accepted that the use Legal Service staff was too expensive. However, Members were not happy to leave tender opening to officers within the same Directorate as that commissioning the tendering unless there were additional safeguards to ensure transparency.
- 5.4 The problem with requiring all tenders to be opened in a different Directorate is that moving such a large quantity of documentation between offices would give rise to extra costs and delays nullifying the gains made by removing Legal Service staff.
- 5.5 An "Options Paper" (attached as Appendix 3) was presented to CEMB for discussion on 26 October 2005. Six different options were considered with their respective advantages and disadvantages. CEMB decided that Option 6 i.e. the original proposal was still preferable but suggested that further assurances be sought from the Head of Procurement and Head of Internal Audit about the transparency and independence of the procedures.
- 5.6 A further report (attached as Appendix 1) was submitted to the Procurement Committee to seek its Members' views about the proposal. Detailed comments were included from the Head of Procurement at paragraphs 12.1 to 12.4 and from the Head of Internal Audit at paragraphs 13.1 to 13.3.
- 5.7 The Procurement Committee agreed to support the proposed change in principle subject to a "framework" or procedure being produced to define the standard practices to be followed by all Directorates. Members endorsed the suggestions from Internal Audit that this procedure should provide for audit trails to be maintained and for spot checks to be carried out by managers.
- 5.8 The "framework" or procedure is attached as Appendix 4. This defines a uniform procedure for the submission, custody and tendering of all tenders. Processes and standard forms are set out to ensure that auditing and spot checks can be carried out. Internal Audit are proposing a Review of the tender opening process

as part of the annual audit programme of work.

- 5.9 The Head of Procurement in his comments at 12.1 to 12.3 in Appendix 1, has given details of the procedure to be followed to secure that tender opening officers are from different teams and separate and independent from the tender commissioning teams in the same Directorate. The Head of Internal Audit has considered the risk implications at paragraph 13.1 in Appendix 1 and takes the view that any risk would be mitigated by adherence to an appropriate framework as now proposed.

6. Recommendation

- 6.1 That Members recommend to full Council the adoption of the changes to Contract Standing Orders, set out in Appendix 2 to this report, to have effect as amendments to Part G.3 of the Council's Constitution

7. Equalities Implications

- 7.1 There are no specific equalities implications

8. Comments of the Director of Finance

- 8.1 The proposed amendments to tender opening procedures would result in more cost effective use of staff resources and should assist in achieving efficiency savings.

9. Comments of the Head of Legal Services

- 9.1 The legal implications are set out in the main part of the report.

10. Use of Appendices

- 10.1 Appendix 1 is the report to the Procurement Committee on 3 January 2006
- 10.2 Appendix 2 is an extract from Contract Standing Orders showing the text changes being recommended
- 10.3 Appendix 3 is the Options Paper considered by Chief Executive's Management Board on 26 October
- 10.4 Appendix 4 is the Tender Receipt and Opening Procedure produced in response to the suggestion of Internal Audit and the requirements of the Procurement Committee