

NOTTINGHAM CITY HOMES

REPORT OF THE DIRECTOR OF FINANCE, ICT AND GOVERNANCE

THE BOARD
10 JUNE 2010

REVISED STANDING ORDERS – TENDER AND CONTRACT PROCEDURE RULES

1 SUMMARY

- 1.1 Attached to this report are the Company's Standing Orders Part 3: Tender and Contract Procedure Rules (Appendix 1) which have been subjected to a re-examination in line with the Board's requirement for an annual review.
- 1.2 The draft Tender and Contract Procedure Rules were considered by Finance and Audit Committee Members on 17th May 2010 who recommended their approval by Board.

2 RECOMMENDATIONS

It is recommended that the Board:

- 2.1 Note the changes to the draft Contract and Tender Procedure Rules presented to Finance and Audit Committee in May in relation to the appointment of consultants (Rules **6.4.3** and **6.4.4** – further details are provided in paragraph 3.4); and
- 2.2 Accept the recommendation of the Finance and Audit Committee and approve the Company's revised Standing Orders Part 3: Tender and Contract Procedure Rules so that they can be formally adopted and implemented across the Company.

3 REPORT

- 3.1 The Tender and Contract Procedure Rules of the Company form part of Standing Orders and translate into practical guidance the Company's broad policies relating to financial, management and contractual control. The Tender and Contract Procedure Rules apply to every Board Member, Committee of the Board and staff member of the Company and, for the avoidance of doubt, Trustees, Directors, Officers and staff of any related party, Trust, Company or anyone acting on its behalf.
- 3.2 The Board approved the Tender and Contract Procedure Rules as part of the Company's Standing Orders, in May 2008. The revised Tender and Contract Procedure Rules have been updated primarily to:
- Include some additional controls;
 - Ensure they remain fit for purpose; and
 - Reflect recommendations made by the Company's Internal Auditors.

3.3 To facilitate review of the revised Tender and Contract Procedure Rules by Members, additions and substantial amendments to the regulations have been highlighted in blue text and proposed deletions in red. Members should note the following key changes to the Rules in relation to when quotes and tenders are required:

REF	Previous Rule	Amended Rule
3.1.1	Expenditure estimated at less than £100. No <u>competitive</u> quotations are required.	Expenditure estimated at less than £500. No <u>competitive</u> quotations are required.
3.2.1	Estimated value of a contract is £30,000 or more a formal tendering process must be undertaken.	Estimated value of a contract is £10,000 or more a formal tendering process must be undertaken.

3.4 The draft Contract and Tender Procedure Rules approved by Finance and Audit Committee stipulated the following under Rules **6.4.3** and **6.4.4**;

‘The procedure to be followed in appointing external Consultants will depend on the total estimated value of the contract in question, as follows:

- *Less than £10,000 - the appointment of a Consultant may only be made with the consent of the Director;*
- *£10,000 or more but less than £100,000 - the appointment of a Consultant may only be made with the approval of the Director in consultation with the Chief Executive;’*

‘The procedure to be followed for the appointment of Consultants where the estimated total value of the contract is less than £30,000 will be as follows:

- *£5,000 or more but less than £10,000 - may be made after seeking at least 4 written quotations and obtaining at least 3.’*

Due to delays in EMT consultation over the operational impact of the levels proposed the Rule changes the Rules have been amended to allow consultants to be appointed up to a level of £30,000 without the approval of the Chief Executive or completion of a tender exercise, were the required number of quotes have been requested and obtained. This is in line with the Company’s existing Contract and Tender Procedure Rules i.e. pre-2010 revision.

3.5 To ensure that there is no divergence from the principles underlying the City Council’s financial control systems and procedures a copy of the Tender and Contract Procedure Rules has been issued to the Council’s Corporate Finance senior management team for consultation.

3.6 Where changes to the Contract and Tender Procedure Rules are subsequently proposed by the City Council, or by EMT following completion of consultation, these will only be made following approval by Finance and Audit Committee or Board, as required by Rule **1.4**.

4 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 4.1 Effective financial and governance arrangements are essential to enable the Company to be able to work towards achieving its objectives.

5 RISK IMPLICATIONS

- 5.1 Operating without policies and procedures in relation to tenders, contract and purchasing arrangements that are fit for purpose exposes the Company to significant risks in a number of areas e.g. financial standing, accountability and reputation. Therefore the revision and adoption of the Tender and Contract Procedure Rules provides significant mitigation against such risks.

6 VALUE FOR MONEY & EFFICIENCY ISSUES

- 6.1 Robust financial and governance arrangements are a prerequisite for an efficient organisation. Authorisation, approval and other limits have been revised to improve efficiency whilst also ensuring that adequate controls, systems and procedures remain in place and VFM is secured through the Company's purchasing arrangements.

7 EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 Effective policies and procedures will ensure that equality and diversity matters are supported by clear, transparent and unambiguous guidance for all staff, Members and partners as to their responsibilities when purchasing goods/services on behalf of the Company and/or entering into tender and subsequently contractual arrangements.

8 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 Company's Standing Orders.
- 8.2 Draft Tender and Contract Procedure Rules – Appendix 1

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