

COMMITTEE	Finance, Policy and Resources		
DATE	7 th June 2016		
DIRECTOR	Richard Ellis		
TITLE OF REPORT	Governance Regulations	Review –	Procurement
REPORT NUMBER	CG/16/042		
CHECKLIST COMPLETED	Yes		

1. PURPOSE OF REPORT

The purpose of this report is to seek the Committees approval for ‘Aberdeen City Council and Aberdeenshire Council Procurement Regulations’ (‘Procurement Regulations’) to replace the current “Standing Orders Relating to Contracts and Procurement”.

Approval is also sought for the delegated powers detailed within the document.

2. RECOMMENDATION(S)

It is recommended that the Committee;

- (i) approves the Aberdeen City Council and Aberdeenshire Council Procurement Regulations attached hereto, the same to come into force with immediate effect and thereby replace the “Standing Orders relating to Contracts and Procurement” that were approved by Aberdeen City Council on 05 March 2014;
- (ii) approves the delegated powers to the Chief Executive in consultation with the Head of Commercial and Procurement Services contained within the said Aberdeen City Council and Aberdeenshire Council Procurement Regulations, in order to ensure procurement within Aberdeen City Council is carried out appropriately and that appropriate guidance notes are produced and updated as necessary; and
- (iii) instructs the Head of Legal and Democratic Services to make the necessary amendments to the current Scheme of Delegation (known as the Delegated Powers) to reflect the changes brought

about by the said Aberdeen City Council and Aberdeenshire Council Procurement Regulations, noting that further proposed revisions to the Scheme of Delegation will be the subject of a report to Council at a later stage in the Governance Review.

3. FINANCIAL IMPLICATIONS

The Procurement Regulations should assist the Council to achieve best value in all procurements undertaken and contracts entered into.

4. OTHER IMPLICATIONS

The Procurement Regulations should make the procurement process easier for Council officers to follow and simplify or clarify aspects of the Council's internal procedures. In turn, this should have a positive impact on service provision; supporting staff to ensure Best Value is achieved for the Council and reducing the risk of legal challenge in relation to procurement.

C&PS actively engage and seek feedback from our supply chain and tenderers on our processes and procedures. Whilst these processes have to accord with the said Act the revisions have also taken onboard their views which were primarily around ensuring process is in proportion to risk and value of the specific tender need. We also have an ongoing programme of engagement with the local supply chain whereby we provide training and advice on how to complete and submit documentation.

5. BACKGROUND/MAIN ISSUES

As advised in the report to Council on 05 March 2014, extensive revision of the Standing Orders relating to Contracts and Procurement has been necessary in order to ensure that the Council complies with the provisions within the Procurement Reform (Scotland) Act 2014 and the European Procurement Directive.

Due to the nature of these changes, a fundamental review was undertaken of the Standing Orders document to ensure that it was accessible to Council officers. The result of this review is a shorter Procurement Regulations document which is easier to follow and which will be supported by a suite of Procurement Guidance Notes that offer assistance with regard to procurement process and can be reviewed in light of best practice, Council policy and legislation as required.

Aberdeenshire Council

Increased collaboration between Aberdeen City and Aberdeenshire Councils will be enhanced by both Councils adopting the same

Procurement Regulations. This will ensure consistency in contracting, in advice and support in relation to procurement activity and increase the potential for efficiencies within both Councils.

Delegated Procurement Authority

The Procurement Regulations make provision for Delegated Procurement Authority (DPA) to be given to individual officers within the Council. The use of DPA will ensure that staff undertaking any procurement on behalf of the Council are adequately trained and supported in order to ensure best practice is followed.

It should be noted that the current Scheme of Delegation (known as the Delegated Powers) is under wider review as part of the Governance Review. However in order to ensure consistency with the Procurement Regulations, officers will be required to make immediate changes to the Scheme of Delegation to reflect the amended powers of the Head of Commercial and Procurement Services and the Chief Executive, with the wider review of the Scheme reported to Council at a later date.

Regulated Procurements

New Scottish procurement legislation classifies any procurement where the total value over the lifetime of the proposed contract for Goods and/or Services is over £50,000, or over £2m for Works, as a Regulated Procurement.

Current internal processes require that any procurement over £60,000 must have Committee approval. In order to ensure good governance, the Procurement Regulations make provision for Committee approval in relation to Goods and/or Services where it is anticipated that the total value of the contract means that it would be considered a Regulated Procurement. In relation to contracts for Works, the threshold at which Committee approval must be sought is below the threshold for Regulated Procurement, at £250,000.

The revised internal Procurement Regulations will ensure that uniform contracting procedures of the highest standard are laid down for use within the Council. This shall ensure that the council consistently acts in a transparent and proportionate manner and in a way that is equal and without discrimination. In turn this shall lead to value for money, and more sustainable outcomes.

6. IMPACT

Improving Customer Experience –

Customer experience, both internal and external, will be enhanced by agreement to the recommendations in this proposal. Internally, the simplification of internal regulations relating to procurement can only enhance the understanding of the requirements within this area.

External customers will also be supported by the introduction of the Procurement Regulations. Simplification of procedures will ensure consistency for business bidding for work within the Council, and ensuring Best Value is achieved for the people of Aberdeen.

Improving Staff Experience –

Staff experience will be improved by the introduction of the Procurement Regulations, Delegated Procurement Authority and Procurement Guidance Notes. These, taken together, will streamline processes and offer training and support to empower staff.

Improving our use of Resources –

The Procurement Regulations will ensure that procurement decisions are taken based on legislation, best practice and efficient use of resources.

Corporate -

Smarter City

The proposals within this report will support the following objectives in relation to Aberdeen – the Smarter City:

- Smarter Governance – by ensuring that the principles of openness, fairness and responsibility are embedded within Procurement Regulations.
- Smarter Economy – by working to promote the city as a place to invest, live and work.

Single Outcome Agreement

The proposals within this report will relate to the following thematic priorities within the Single Outcome Agreement:

- Economic Growth – by supporting the local economy and ensuring that best value is achieved in relation to spend by the Council.

Service Plan

The Commercial and Procurement Services Service Plan links directly to the Council's Strategic Priorities via Corporate Governance Goals (Directorate Plan), Smarter Aberdeen (Council Plan) and the Single Outcome Agreement (Area/Regional Plan).

The Vision of Commercial and Procurement Services is to be a centre of expertise for the north of Scotland; renowned for hosting high quality commercial and procurement services that maximise best value from all commercial relationships and exploit new opportunities, while

ensuring a robust and effective governance framework for delivery of all organisational strategic priorities.

The proposals within this report will directly influence how the goals of Commercial and Procurement Services, Corporate Governance and the Council can be achieved in relation to commercial relationships.

Collaboration

Procurement Regulations in common with Aberdeenshire Council will allow for increased collaboration across the 2 Councils by streamlining processes and governance arrangements.

Public –

The issues addressed in this report should lead to an improvement in the governance and decision-making processes of the Council.

This Report is likely to be of limited interest to the public given that it concerns changes to procurement regulations. There may however be some interest given the Procurement Reform (Scotland) Act 2014.

No Equality and Human Rights Impact Assessment (EHRIA) is considered necessary because the Procurement Regulations are not expected to impact disproportionately on any particular group nor to involve breach of any of the Council's duties under the Equality Act 2010. On the contrary, the provisions should assist in preventing or tackling discriminatory practices.

7. MANAGEMENT OF RISK

Acceptance of the Report recommendation is not considered to pose any significant risk to the Council.

On the contrary, such acceptance should help to increase efficiency and reduce the risk of legal challenge in respect of Council contracting and procurement. Not accepting the Report recommendation will leave the Council with Standing Orders that are, in some respects, out-of-date and in need of clarification and improvement whilst not meeting legislative requirements.

8. BACKGROUND PAPERS

Aberdeen City Council and Aberdeenshire Council Procurement Regulations – attached as Appendix

[“Standing Orders relating to Contracts and Procurement” approved by Council on 05 March 2014.](#) (via hyperlink)

[Procurement Reform \(Scotland\) Act 2014](#). (via hyperlink)

[EU Directive 2014/24/EU](#) (via hyperlink)

9. REPORT AUTHOR DETAILS

Craig Innes
Head of Commercial & Procurement Services
cinnes@aberdeencity.gov.uk
01224 664650