REPORT OF THE POLICY AND FINANCE COMMITTEE – 11 NOVEMBER 2004

1 REVISION OF CONTRACT PROCEDURE RULES

This item of business was referred by the Policy and Finance Committee on 11 November to Council with recommendations relating to the amendment of Contract Procedure Rules. A copy of the officers report to the Committee is attached at Appendix 1.

The Committee noted that:-

- The word "contractors" in the final line of paragraph 2.7 should have been "contracts".

- It was Council policy to appoint small local contractors as often as possible. One of the purposes of recent "business breakfasts" was to ensure that local contractors were engaged in work relating to Essex Marketplace. An aspect of the proposal for future standing lists was the objective of ensuring that small contractors applying for small works would not be unnecessarily burdened by the contracting process.

- The vetting process used by Rochford District Council in respect of the approved list included checks on employers insurance and permits and licences (Corgi/Niceic). It was not possible to insist that a contractor was a member of specific professional association, but the term "or similar" could be used.

- The summary of requirements for tenders and quotations, as set out in paragraph 2.1 of Appendix B, reflected Procurement Agency requirements aimed at covering a multitude of different types of contract. The Council had a number of internal control procedures and checks associated with the purchasing process.

- It would be possible for the Council to implement a policy providing that, subject to the discretion of the Chief Executive, where the estimated value of a contract is between £5,000 and £10,000 at least three quotations shall be invited.

- The provision identified under paragraph 5.4.4.2 in Appendix B relating to the amendment of arithmetic errors was a standard clause used by local authorities, one purpose of which was to protect both a contractor and the Council from a situation whereby an agreed price is unsustainable. This provision, together with those in paragraphs 6.1 and 7.1, reflected the Council's existing Contract Procedure Rules, which emanated from model rules of procedure. The Council had given

specific consideration to the arrangement for tender opening at the time of considering the model rules.

During debate it was observed that, whilst there is no direct cost to users of accreditation services, costs are usually reflected in the price paid by the end customer. The view of a Member that the seeking of one quotation for a job was not a mechanism for achieving best value when compared with the proving of price through negotiation was acknowledged.

The Committee noted the revised procedure for standing lists and agreed that the Council should become a member of Construction Line Services which is currently free to users of the service.

It is proposed that Council **RESOLVES**

(1) That the Contract Procedure Rules include a provision that, unless the Chief Executive authorises otherwise, where the estimated value of a contract is between £5,000 and £10,000 at least three quotations shall be invited.

(2) That, subject to (1) above, the Contract Procedure Rules be amended as set out in the report. (CD(F&ES))

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Background Papers:-

None

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