

AGENDA ITEM

CORPORATE AFFAIRS COMMITTEE

DATE OF MEETING 23rd February 2011

**CHANGE TO STANDING ORDERS, REMOVING THE REQUIREMENT TO PLACE
AN ADVERT IN A LOCAL PAPER WHEN GOING OUT TO TENDER**

DIRECTOR OF RESOURCES: PAUL SLOCOMBE

PURPOSE OF THE REPORT

1. To seek approval to make a change to standing orders removing the requirement to place an advert in a local paper when going out to Tender.

BACKGROUND

2. In most cases the purchase of goods, materials and services are available from an existing corporate contract or national framework contract, but where a product or service cannot be sourced from an existing arrangement, then the financial thresholds and procedures set out in standing orders apply.
3. Once the financial trigger is reached this may require a service to go out to competition via a tender procedure.
4. Appendix A provides the current Middlesbrough Financial thresholds required to trigger the appropriate procurement process for goods, materials and services.
5. When standing orders were first developed, advertising via the Local press and Trade Journals were the only way of making businesses aware of the potential opportunities of trading with the council. With the advances in Information communication technology and the Internet this is no longer the case and other media opportunities are available. A number of years ago Members agreed to the removal of the need to advertise in Trade Journals saving around £30k per annum (depending on the number of tenders advertised in any one year.)

6. It is now proposed to remove the requirement to place an advert in a Local paper with the potential to make an additional saving in the region of £13.5k (again depending on the number of tenders placed in any one year.)
 7. All council tenders will still be advertised on
 - The Council Web-site
 - The North East Purchasing Organisation (NEPO) portal
 - The Supply2gov website for sub-OJEU tenders or
 - The OJEU web – site for any tender which falls under European procurement regulations
 8. In addition we also have named contacts in the following business communities and send all opportunities to the contracts for circulation to its members
 - North East Chamber of Commerce
 - Small Business Federation
 - The BME network
 - MVDA for the voluntary sector and
 - Mouchel
- Ward Implications
9. There are no direct ward implications arising from this report.

RECOMMENDATIONS

10. That members agree the following
 - a. That with effect from the start of the new financial year approve a change to standing orders removing the requirement to place an advert in a local paper when going out to Tender.
 - b. Confirm the new advertising requirements as set out in Appendix B.
- Reasons
11. The processes and procedures laid down in standing orders are not excessive and aimed at protecting both the council and employees.
 12. By adjusting standing orders a significant financial saving can be achieved without reducing the accessibility of local businesses to tender opportunities.

FINANCIAL CONSIDERATIONS

13. The cost of one years advertising tenders in local papers is on average £13.5K (depending on the number of adverts placed.)
 - In 2010 /11, 54 adverts were placed at an average cost of £250

BACKGROUND PAPERS

The following background papers were used in the preparation of this report:

Constitution of the Council

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Appendix A Current Middlesbrough Financial Thresholds

Works	Supply of Goods, Materials, Services & Consultants	Tendering Procedure
Up to £15,999	Up to £15,999	Neither written quotations nor tenders need to be invited but Contract Procedure Rules must be observed. Including documenting the selection process (why you have chosen a particular provider) and to identify the principles of value for money.
£16,000 - £106,099	£16,000 - £53,099	At least three written quotations from local suppliers where possible. Tenders can be sought but this is optional.
£106,100 - £530,399	£53,100 - £106,099	At least 4 Tenders must be sought.. The Tender advert(s) must be placed in at least one local paper and on the government website Supply2.gov.uk
£530,400 - £3,497,312	£106,100-£139,892	EC Procedure - OJEU notice. Even if not a mandatory service. At least 5 tenders must be sought, ensuring that the tender process complies with the EC Directives. In addition tender adverts must be placed in at least one local paper.
Above £3,497,313 (EC threshold)	Above £139,893 (EC threshold)	EC Procedure - OJEU notice At least 5 tenders must be sought, ensuring that the tender process complies with the EC Directives. In addition tender adverts must be placed in at least one local paper.

Appendix B Revised Requirement

Works	Supply of Goods, Materials, Services & Consultants	Tendering Procedure
Up to £15,999	Up to £15,999	Neither written quotations nor tenders need to be invited but Contract Procedure Rules must be observed. Including documenting the selection process (why you have chosen a particular provider) and to identify the principles of value for money.
£16,000 - £106,099	£16,000 - £53,099	At least three written quotations from local suppliers where possible. Tenders can be sought but this is optional.
£106,100 - £530,399	£53,100 - £106,099	At least 4 Tenders must be sought.. The Tender advert(s) must be placed on the Council web-site , the NEPO portal and on the government website Supply2.gov.uk
£530,400 - £3,497,312	£106,100-£139,892	EC Procedure - OJEU notice. Even if not a mandatory service. At least 5 tenders must be sought, ensuring that the tender process complies with the EC Directives. Tender adverts must be placed on the Council web-site, NEPO portal and the OJEU web-site..
Above £3,497,313 (EC threshold)	Above £139,893 (EC threshold)	EC Procedure - OJEU notice At least 5 tenders must be sought, ensuring that the tender process complies with the EC Directives. Tender adverts must be placed on the Council web-site, NEPO portal and the OJEU web-site.. .

