
Report to: Audit Committee

Date of Meeting 5th December 2019

Subject: Exceptions from the Application of Contract Standing Orders

Report by Strategic Director Partnership & Performance

1.0 Purpose

- 1.1 It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The purpose of this paper therefore is to provide detail on Exceptions to Contract Standing Orders submitted in the previous quarter.

2.0 Recommendations

- 2.1 The Committee is asked to note the report, commenting and challenging as appropriate

3.0 Considerations

- 3.1 Contract Standing Orders (CSO's) apply to all contracts entered into by Council officers. In some circumstances however, exceptions may be granted.
- 3.2 The appropriate senior manager must record their reasons in writing in the form of an exception report for a decision, which must be submitted to the Strategic Director, Partnership and Performance, for consideration.

The Strategic Director is required to consult with the Chief Finance Officer (S95) and Procurement Manager before taking any action that binds the Council. It is a requirement that any such exception shall be reported retrospectively in full to the next Audit Committee, including the reasons that fully justify the exception. A summary of CSO exemptions will also be provided as part of the Annual Procurement report to the Audit Committee.

- 3.3 Two exceptions were considered in this period:
- 3.3.1 to permit the appointment of Regen to continue to undertake disposal of co-mingled dry recyclate materials (contents of blue waste bins) over a six month period to the value of £162,000.

Granted

The justification for this exception is where the purchase is required in order that the Council may meet its statutory obligations. The collection of waste is

a statutory obligation therefore postponement of the service is not an option. The Council collects around 70 tonnes of this waste per week and is not licenced to stockpile this material in the interim.

Regen have been handling disposal of our waste material for a significant period of time (at least 5 years). A new dynamic purchasing system for the provision of this service was introduced through Scotland Excel in February 2019.

The exemption (until February 2020) provides leeway to enable a robust tender process to be undertaken through Scotland Excel. Regen are one of the providers within the Scotland Excel Framework and therefore meet the technical specification required.

Conditions of Grant

A robust tender process through the Scotland Excel Framework should be started immediately and completed for a start date of 11 February 2020.

- 3.3.2 to permit the appointment of Arthur J Gallagher Insurance Brokers Ltd to supply insurance broker services for a period of 1 year at an estimated cost of £6,000. Ref 2/6/1748

Granted

The justification for this exception is, the Council are due to tender for our Insurance services effective from April 2020, the broker provides expert knowledge and support during this process. The Council's insurance contract has a value of approximately £4m for the life of the contract, to complete the tender process within the required timescale we need to start the tender work in September 2019.

The brokers provide specialist support reviewing the contracts and tender submissions during this process to ensure the Council has the required cover to minimise the risk to the Council.

The Council have worked with Arthur J Gallagher Insurance Brokers Ltd for a number of years giving them detailed knowledge of our insurance processes, activities and functions of departments, which will be critical during the tender process. We have a good working relationship with the supplier.

Going through a tender process this year we see an increase in cost of this service and the Broker has maintained its pricing

Conditions of Grant

A competitive tender through Crown Commercial Insurance Services II RM3731 should be undertaken immediately after the completion of the Council Insurance Service tender in April 2020

4.0 Sustainability Implications

- 4.1 There are no direct sustainability implications arising from the recommendations in this report.

5.0 Resource Implications

- 5.1 Financial Details - there are no direct implications for the Council's budget arising from this report
- 5.2 Staffing - there are no direct implications for the Council's establishment arising from this report

6.0 Exempt Reports

- 6.1 Is this report exempt? Yes (please detail the reasons for exemption below) No

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all
Our families; children and young people will have the best possible start in life
Women and girls will be confident and aspirational, and achieve their full potential
Our communities will be resilient and empowered so that they can thrive & flourish

- (2) **Council Policies (Please detail)**

Contract Standing Orders

Financial Regulations

8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

N/A

9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

None

11.0 Background Papers

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

No (please list the documents below)

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
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