

TO: GOVERNANCE AND AUDIT COMMITTEE
27 MARCH 2012

**REVISIONS TO CONTRACT STANDING ORDERS TO GIVE EFFECT TO CATEGORY
MANAGEMENT**

Director of Corporate Services (Legal)

1 PURPOSE OF REPORT

- 1.1 To seek the committee's approval to changes to the Council's Contract Standing Orders.

2 RECOMMENDATION

- 2.1 That the revisions to Contract Standing Orders highlighted in the attachment to this report are approved and that the Council is recommended to adopt the revisions as amendments to the Council's Constitution**

3 REASONS FOR RECOMMENDATION

- 3.1 To give effect to the introduction of category management in the procurement of works, supplies and services, to improve the strategic management of procurement, improve the efficiency and effectiveness of the procurement process, and to reduce the risk of breach of the Public Contracts Regulations through a failure to aggregate the value of supplies and services when required to do so.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

- 5.1 Following a review of the Council's procurement process carried out by Improvement and Efficiency South East in 2010 and 2011, Corporate Management Team took steps to implement a recommendation made that Category Management should be introduced in order to seek a more strategic approach to procurement and to achieve efficiencies and value for money from increased coordination and the aggregation of requirements across the Council. Category management takes a strategic approach to procurement, seeking to aggregate requirements corporately, and thereby achieve greater value for money. Category managers have been appointed with responsibility for the preparation of strategies relevant to their category of expenditure. The categories chosen as pilots largely cut across the existing departmental organisation, and category managers have mostly (but not exclusively) been chosen from the area which has the highest expenditure on the category.
- 5.2 The proposed changes to Contract Standing Orders define a Category Strategy and a Category Manager, and require a Category Manager to obtain Executive approval for a Category Strategy for a defined category of works, goods or services. Directors are required to assist and support Category Managers in the preparation of Category Strategies, and to comply with approved Category Strategies. Category Managers

Unrestricted

will be required to add comments to contract award reports for contracts within the category which they manage.

- 5.3 A Category Strategy will identify responsibility for contract awards for contracts of up to £1 million that are in compliance with the strategy; absent such identification, the Director to whom the Category Manager usually reports will have responsibility for making the decision. Corporate Contracts which are not within a Category Strategy shall be the responsibility of the Director of Corporate Services.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

Borough Treasurer

- 6.2 The adoption of category management should produce efficiencies and cost savings in the future as a result of a more strategic approach to procurement.

Equalities Impact Assessment

- 6.3 There are no equalities questions arising from the matters discussed in this report.

7 **CONSULTATION**

Principal Groups Consulted

- 7.1 The Head of Procurement and the Borough Treasurer have been consulted

Method of Consultation

- 7.2 In meetings and correspondence

Representations Received

- 7.3 None

Background Papers

Contact for further information

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