

1. Supporting Information

a) Thresholds

Current and proposed East Sussex County Council tender thresholds are set as follows:

Current Estimated Value of Purchase	Proposed Estimated Value of Purchase	Type of Procedure to be followed
£1k to under £5k (goods and Services) Under £15k (works)	Under £15K for all goods services and works	Obtain best price
£5k to under £50k (goods and services) £15k to £100k (works)	Over £15K and under £100K for all goods works and services	Invitation to Quote (to at least 3 companies) ¹ Use Select List if appropriate.
Over £50k	Over £100K	Invitation to Tender under ESCC Contract Standing Orders ² Use Select List if appropriate.

The Invitation to Quote process¹ requires the buyer to formally request quotes for goods and services from a minimum of three suppliers in order to demonstrate good competition.

Usually this is used when the purchase is of a “one off” nature (no formal contract) and it is confirmed with the use of a purchase order.

The Invitation to Tender² is used to initiate a competitive tender, with a process governed by the Contract Standing Orders. A tender normally results in a formal contract that sits within a prescribed legal framework.

An analysis of the other SE7 authorities shows that the ESCC range is relatively low

Local Authority	Three quote threshold	Approximate Annual Spend	Notes
Kent	£8k to £50k	£850m	
Surrey	£10k to £100k	£600m	
West Sussex	£5k to £75k	£300m	
Medway	£15k to £100k	£100m	
Hampshire	£25k to £100k *	£600m	* £25k to £100k 3 quotes, >£100k 5 tenderers
Brighton & Hove	£25k to £75k **	?	** £25k to £75k 4 quotes, >£75k 5 tenderers

Further analysis was done on the purchase order volumes of ESCC spend in 2011/12 in order to investigate the impact of a threshold move. Making the threshold change would have the following effect:

Aligning the processes for works with goods and services, making limits less confusing for users.

In terms of volumes of contracts, moving from £50K to £100K limit (the most significant change) would represent a change to 27 contracts out of 397 that fall under Procurement's remit. This represents a relatively small risk, especially as it also supports the local economy by removing the need for SME businesses to engage on larger tender processes for relatively small value work. This feeds directly back to the Council priority around driving local economic growth.

Overall benefits of this change also include ESCC Procurement team having to administer fewer lower value contract processes, leaving them more time to invest in supplier development and more strategic Category management activities.

b) Re-writing the Procurement Standing Orders

The Procurement Standing Orders require an update both in terms of changes to reflect the limit changes (as outlined above) and also to better reflect the partnership working with Surrey County Council. The main features of which are as follows:

- Re-branding
- Layout and order set to reflect the order of the process, so it is more structured
- Introduces clearer guidance for users with the use of tables for spend limits
- Clearer definition between rules and guidance in the document
- Defines roles and responsibilities of Procurement as a function
- Adds in sections on Sustainability and Social Value
- Aims to make the required process clearer for users

Key stakeholders have been consulted around this change, including Legal, Finance, Audit and Property in order to get them involved in the change itself and ensure it is as strong and robust as possible.

c) Following the changes made to Procurement Standing Orders, it has become clear that there are a lot of interrelated documents. Some of these need to be changed. Contract supporting documents, such as Contract waiver forms are a good example. Currently, there are four separate forms, each for one of the reasons a contract would not go to tender.

Without changing any of the content other than the changes to the Procurement Standing order it would be possible to make the process easier by using one form with boxes to choose from rather than a confusing number of forms.

These amendments would form part of the on-going review of Intranet and internet documents to support the Procurement function.

2 – Material Changes to the Procurement Standing Orders

1. Improved clarity between rules and guidance – rules are now included in coloured boxes (which are coloured with accessibility in mind), to allow users to clearly identify which parts of the document are rules and which are guidance.
2. Change in the spend limits to make them more aligned with Surrey – the only exception being the lower limit at £15,000 (which sees our goods, services and works all the same for the first time).
3. Scope and exemptions – removing auditors (because of the new local Audit Bill, there is no reason to leave the reference to auditors in exemptions)
4. Scope and exemptions – references to specialists, schools and adults have been taken out as they are covered elsewhere
5. Roles and responsibilities – additional definition of the role of Procurement – because Procurement previously existed as part of other teams, several functions that existed elsewhere need to be centralised, such as sign off processes, storage of contract documents and so on
6. Grants – all the rules of standing orders apply to grants, more information about what happens with grants
7. Consultants – more clarity around the rules applying to consultants (and indeed – ALL people who buy on behalf of the Council)
8. Financial Security and Bonds – currently the level of spend where a performance bond is required is £300,000, particularly in the case of Property work. Surrey has a level of £2M over 12 months to apply performance bonds. This level is amended to align with Surrey and a range of other solutions included which will be more helpful to smaller, local business
9. Moving all Policy references to the end of the document as reference.
10. Introduction of the Business Continuity Management (along with a risk register) as a more formalised process into the Contract (or Framework) Management Plan – part of the suite of new documents from Procurement.
11. Collaboration – Procurement takes the lead in suggesting routes to market, including looking at collaborative arrangements such as Government Procurement Service (GPS), SE7 or other local Authority. There is no longer an approval process, *pre tender*, from Legal for the choice of collaboration (where it is the most appropriate route).
12. Sign off for contracts over £100,000 – now includes Head of Procurement.
13. Waiver process (formerly includes “approvals, waivers etc). This process is much simplified so that in ALL cases where Standing Orders are not used, a waiver form is used. This allows for better control of spend and also will mean Procurement keep an overall record of suppliers who are working under waivers.
14. New guidance about frameworks and short form contracts. The standing orders apply slightly differently in these areas, so there is now more clarity around that, which has been developed in conjunction with operation staff, particularly from Property.
15. A simple gateway process giving support to the sign off responsibilities and the business has been introduced to give more structure to process.

