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Bedfordshire  
Council  
Priory House  
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**CONSTITUTION ADVISORY GROUP**

**DATE:** 25 January 2010

<b>TITLE</b>	<b>CHANGES TO PROCUREMENT THRESHOLDS</b>	<b>ITEM NO.</b>
<b>REPORT OF</b>	Director of Corporate Resources	<b>3</b>

<b>PURPOSE</b>	To propose changes to procurement thresholds that will reduce bureaucracy and speed up the procurement process whilst obtaining best value for money in the procurement ordering process. Also to update Members on the new mandatory changes to European Thresholds for advertising contracts across the EU.
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<b>ORIGIN OF PROPOSAL</b>	The Procurement Team and Central Bedfordshire Council's staff feedback.
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**RECOMMENDATION:**

**That the procurement thresholds and processes in the Code of Procurement Governance be amended as listed below, whilst steering officers into using both Central Bedfordshire Council's corporate contracts and framework agreements (contracts) set up by other councils and consortiums. The proposed process is as follows:**

**Step 1**

**Always use CBC corporate contracts or Consortium framework agreements (as listed on the Intranet) where they already exist. Where they do not, the rules below should apply.**

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## Step 2

**Up to £2,000: seek best value or two quotations;**

**£2,001 to £20,000 – 3 written quotations demonstrating best value ( based on price and quality)**

**£20,001 to £59,999 – 3 to 5 written quotations by sealed bid;**

**£60,000 to EU threshold – invite 5 tenders, advertised and by sealed bid.**

**Above EU threshold (works £3,927,260, supplies and services £156,442) - must be advertised in OJEU and 5 written Tenders must be invited (Mandatory New EU Law)**

## **SUPPORTING INFORMATION**

1. The new mandatory EU Thresholds introduced 1 January 2010 mean we have to amend our procurement procedure rules and the Code of Procurement Governance to reflect these changes. This also gives us an opportunity to review the current thresholds for lower levels of expenditure.
  2. Feedback from both the staff survey and officers using the thresholds introduced in April 2009 suggested they were too onerous at the lower levels, in particular from £200 to £999 where it was a requirement to obtain three quotations. Of the waivers that were raised between May and November 2009 a total of 48% (52) were for expenditure below £2,000. With the exception of 4 all were approved. There has been little support from the business areas and poor compliance in some areas, in particular schools which have a number of unusual proprietary expenditure items (e.g. clowns, drama groups, specialist training courses etc). There has also been limited use of existing corporate contracts and framework agreements, where expenditure has been aggregated and best value obtained.
  3. Through our own performance measuring, consultation with the service areas and investigating the procurement rules adopted by other councils including the highly rated councils of Hampshire and Westminster we make the following recommendations.
  4. The first stage of any procurement process must be that officers look to use existing corporate contracts listed on the Intranet, or framework agreements available to them from other councils and consortia, the path to which is clearly shown on the intranet. After this the thresholds below will apply.
  5. £200 to £999 (three quotations are currently required): this should now become “**Up to £2,000 look for best value or two quotations**” (best value here means that the onus is on the officer to prove they have best value, via an enquiry or knowledge of that market).
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6. £1,000 to £9,999 (three written quotations are currently required): this should now become “**£2,001 to £20,000 – 3 written quotations giving best value**” (effectively the process is similar but we have extended the limit before a sealed bid is required, i.e. quotations arrive in a sealed envelope and are all opened at the same time).
7. £10,000 to £59,999 (three to five formal quotations are currently required to be invited by sealed bid): this should now become **£20,001 to £59,999 - 3 to 5 written quotations by sealed bid** (the process is the same but the lower limit is raised).
8. £60,000 to EU threshold – (five tenders must currently be invited by sealed bid and advertised): this should remain the same, in line with most councils.
9. Above EU threshold - Works £3,927,260 (raised from £3,497,313) Supplies & Services £156,442 (raised from £139,893):

**Must be advertised in OJEU and 5 written Tenders must be invited**  
(Mandatory New EU Law changes).

10. We have also created an easy-to-use template for simple quotations, which will cut down on the bureaucracy of multiple forms, making it easier and quicker, whilst still maintaining a high standard of best value for both CBC officers and suppliers.
11. These changes will be communicated to officers via
  - the changes in the Code of Procurement Governance and within the Financial Regulations
  - the staff newsletter
  - the Intranet
  - the Procurement Toolkit
  - face to face meetings
  - e-mail.
12. Additional supporting documentation to assist officers will be:
  - a laminated A4 procurement threshold summary, which has proved to be very popular with officers and:
  - a credit card-sized aide-memoire showing key requirements.

<b>Contact Officer Details:</b>
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Terry Gittins
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<b>Key Background Papers:</b>
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None
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