



ITEM NO: 12

Report To:	COUNCIL
Date:	8 December 2015
Executive Member/Reporting Officer	Councillor Kieran Quinn, Executive Leader Sandra Stewart – Executive Director (Governance & Resources) and Monitoring Officer
Subject:	AMENDMENT TO CONSTITUTION – PROCUREMENT STANDING ORDERS
Report Summary:	To inform Members of the review of the Procurement Standing Orders contained within Part 4 (Procedural Rules) of the Constitution and to seek approval to amend the Procurement Standing Orders and adopt a revised form incorporating amendments necessary because of the Public Contracts Regulations 2015 and the Social Value Act 2012.
Recommendation	<ol style="list-style-type: none">1. The Council's Procurement Standing Orders be amended as detailed in Appendix 1 of the report.2. That the Council adopts the Greater Manchester Combined Authority (GMCA) Social Value Policy and Framework detailed in Appendix 2 and continues to work with colleagues from across the region to continue to fully implement the requirements of the Social Value Act 2012.
Financial Implications: (Authorised by the Borough Treasurer)	None arising directly from this report.
Legal Implications: (Authorised by the Borough Solicitor)	The Council's Procurement Standing Orders (PSO) must be followed whenever the Council procures goods or services. In recent years the Council has been faced with a significant reduction to resources, this is set to continue for the foreseeable future. In such circumstances, where resources are reduced and officers capacity has been increased it is important to ensure that controls are in place to support the safe deployment of Council resources.
Risk Management:	The review and revision of PSOs seeks to reduce the risk of unlawful or poor procurement practise. Training will continue to be provided.
Access to Information:	The background papers relating to this report can be inspected by contacting Sandra Stewart, Executive Director (Governance and Resources).
	 Telephone: 0161 342 3036
	 e-mail: sandra.stewart@tameside.gov.uk

1. BACKGROUND

- 1.1. Section 135 of the Local Government Act 1972 requires all local authorities to have Procurement Standing Orders (PSO). They form part of the Council Constitution. They apply to a wide range of contracts that the Council award, including hosted bodies, schools and the Greater Manchester Pension Fund.
- 1.2. The current PSO have been in place for a number of years and as a result it is now an appropriate time to amend these standing orders, to ensure that they follow more closely the express provisions of the Procurement Rules in a way that will both give clearer guidance and provide greater protection for the Council against potential challenge.

2. METHODOLOGY TO REVIEW THE PSO

- 2.1. The review and subsequent updates to the PSO has been led by Legal Services in conjunction with the Corporate Procurement Team and other key stakeholders including Audit from across the organisation. Interviews with key stakeholders took place to ascertain how procurement activity is conducted, overall compliance with PSO and the challenges faced in adopting the procurement rules.
- 2.2. The findings were as follows:
 - Procurement overall was being conducted in a satisfactory manner;
 - Few problems were encountered with bidders and there have been only a small number of threatened challenges over the past three years with none leading to formal proceedings;
 - Good use was being made of the central procurement advisory service in Resource Management, but the small size of the team meant that only a predominantly reactive service could be offered;
 - The PSO were generally felt to be working well and there was only modest appetite for changes;
 - The Code of Practice was excessively long and unwieldy, contained gaps and was in need of major updating in the light of changes to the Procurement Regulations;
 - A better understanding of the use of the waiver procedure to obtain exceptions to the PSO.

3. PROPOSED CHANGES TO THE PSO

- 3.1. Overall it is felt that the PSO are working well and that where changes are required they are minimal and for the purpose of ensuring that the PSO are compliant with recent regulation changes and the recent technological advances that have been made in procurement. The proposed changes to the PSO are as follows:

New Public Contract Regulations

- 3.2. Some consequential amendments are needed to update the PSO in the light of the new Public Contracts Regulations 2015. These are principally regarding minor changes to the procurement procedures that can be used. In addition the Restricted Procedure can no longer be used for below threshold procurements.

Thresholds

- 3.3. It is proposed that a small amendment is made to the thresholds governing which procurement procedure should be followed. These are set out in table 1 below:

Table 1

Procurement Procedure	Existing Threshold	Proposed Threshold
Professional judgement	£0 - £10,000	£0 - £5,000
Quick Quote (via the Chest)	£10,001 - £20,000	£5,001 - £25,000
Three written quotations (Via the Chest)	£20,001 - £60,000	£25,001 - £60,000

3.4 The purpose of these changes is to reflect the requirements of two recent changes to legislation. By ensuring that the Council policies are aligned with such requirements we can ensure that such data is captured in an efficient and effective manner using the Chest system whilst ensuring compliance with the regulations.

3.5 Firstly, the Local Government Transparency Code 2014 requires all Councils provide details of:

- invitations to tender to provide goods and/or services with a value exceeding £5000;
- contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreement with a value that exceeds £5,000.

Tender and contract information should be published at least on a quarterly basis, with first publication not being later than 31 December 2014. The data should be published not later than one month after the quarter to which the data and information is applicable. The council complies with this requirement and the information is available on its website. The Council's Finance team are responsible for ensuring the information is published.

3.6 Secondly, under the new Regulations all contracts over £25k have to be advertised on the Government Contracts Finder website. No other uprating of the thresholds is proposed as it is felt that they are an important and relevant discipline.

Waivers

3.7 The change proposed here is to provide greater clarity that for contracts caught by the Public Contracts Regulations 2015. Waivers can only be sought in the situations provided for in the exceptions to the Regulations. The exceptions are set out in full in the new PSO.

3.8 At the same time the revised PSO will retain the reporting and approvals provisions, which have been successfully operated to date and which will continue to apply to all contracts where Waivers are sought. These require the approval by the Executive Director of Resources and Governance of a written report submitted by the Procurement Lead's Executive Director. It is not proposed that any modification be made to those requirements.

Contracts Finder

3.9 The revised PSO's include the new Government requirement that certain procurements have to be advertised on the Government website Contracts Finder. This means for the Council that it will apply to all contracts £60K or over.

Frameworks

3.10 Under the existing PSO's a waiver is requiring before utilising any public sector such as those operated by the Crown Commercial Service (CCS) or a number of local or regional bodies. The revised PSO's provide that annual waivers can be obtained giving prior approval to use of named frameworks.

Opening Procedures for Electronic Tenders

- 3.11 With the increasing submission of electronic tenders through portals such as the Chest, and the checks and balances this automatically provides, the opportunity arises to streamline the procedures for opening such tenders. The revised PSO's provide that a single officer of Democratic Services can open the tenders.

Regulation 84 Report

- 3.12 The revised PSO's include the new requirement under the Procurement Rules for the lead officer to write and retain a written report for every over EU threshold contract - a "Regulation 84 Report." This covers specified information about the procurement process, framework agreement and dynamic purchasing system which is awarded or established by the Council.

Extension of Contracts

- 3.14 The extension of an existing contract can have significant policy and finance implications for the Council. The revised PSO's provide therefore that going forward the written approval of the Executive Director of Resources and Governance and the Assistant Executive Director of Finance in consultation with the First Deputy for Finance and Performance and the relevant service area Executive Member must be obtained. This is the same procedure as currently exists for variation of contracts.

The Chest

- 3.15 The use of the Chest across the organisation has increased significantly in recent years, however, in some service areas it is still sporadic. The Public Contract Regulations 2015 require that from 18 October 2018 there will be full electronic communications during procurement. It is important that the Council starts to move towards becoming fully electronic before this date and so it is felt that it is important to make the use of the Chest system mandatory in future for all procurement processes over £5k. In addition this will support the reporting of data required under the Local Government Transparency Code 2014 and the need to publish of data on Contracts Finder.

Social Value

- 3.16 The revised PSO include a reference to the Public Services (Social Value) Act 2012, which came into force in January 2013. It is now a legal obligation for local authorities and public bodies to consider the social good that could come from the procurement of services before they embark upon it. The aim is not to change the procurement or commissioning process, which already take the requirements of the Act into consideration but to ensure that as part of these processes the Council gives consideration to the wider impact of service delivery. In November 2014 The Greater Manchester Combined Authority (GMCA) approved a social value policy and framework for use across the region. The work undertaken in respect of the social value policy has since won a SOPO social value award which recognises the collaborative work that has been undertaken. The full policy can be found at **Appendix 2** to this report, in summary the objectives of the policy are as follows:

- Promote employment and economic sustainability - tackle unemployment and facilitate the development of skills.
- Raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester
- Promote participation and citizen engagement - encourage resident participation and promote active citizenship
- Build the capacity and sustainability of the voluntary and community sector– practical support for local voluntary and community groups
- Promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
- Promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources

3.17 It is proposed that Tameside MBC formally adopt this policy and continue to work with colleagues from across the region to continue to fully implement the requirements of the Social Value Act 2012.

Council Structure and Approval Process

3.18 The PSO have been updated to reflect the recent changes to the Councils structure, in particular the removal of the reference to the Executive Director (Finance) to clarify the responsibilities of the S151 Officer known as the Chief Finance Officer and currently shown in the Council's structure as the Assistant executive Director of Finance. The **table 2** summarises this information:

Table 2

Procurement Situation	Approval required from:			
	Executive Director	Relevant Service Executive Member and/or First Deputy	Executive Director of Resources & Governance	Chief Finance Officer Assistant Executive Director of Finance
Exception to the PSO (Waiver)	✓	✓	✓	✓
Work for outside bodies over £30k		✓	✓	✓
Best bid Exceeds 5% of the estimated value		✓	✓	✓
Use of a procedure other than Open or 'Restricted'	✓	✓	✓	✓
Authorisation to use Light Touch Procurement			✓	✓
Accepting Tenders where it has not been negotiated, is not best value or less than three tenders were received		both	✓	✓
Requests for extensions , direct awards or contract variations	✓	both	✓	✓
Dealing with contract Claims			✓	✓

3.19 When entering into a contract the appropriate formal procedure must be followed. If the contract value is over £60k then the contract must be in writing and sealed by the Council. The sealing can be witnessed by one of the following people:

- Executive Director of Resources & Governance
- Head of Legal Services
- Assistant Borough Solicitor
- Anyone authorised by the Executive Director of Resources and Governance

3.20 If the contract value is between £25k and £60k then the contract must be in writing and signed by two officers, one of which must be from the following list:

- Chief Executive
- Executive Director of Resources & Governance
- Member of the Senior Management Team
- Head of Legal Services

4 RECOMMENDATION

4.1 The Council's Procurement Standing Orders be amended as detailed in **Appendix 1** of the report.

APPENDIX 1

New Procurement Standing Orders

PROCUREMENT STANDING ORDERS

A GENERAL INFORMATION ABOUT THE STANDING ORDERS

A1 Why Do We Have Procurement Standing Orders?

- 1 Section 135 of the Local Government Act 1972 requires all local authorities to have them. They are part of our Constitution.
- 2 We use them to ensure that there is a fair competition when we buy goods and equipment or commission services or works. They set out the procedure to be followed.
- 3 They apply to a wide range of contracts we award, to schools (except D1.1.4 and D1.1.7) who award contracts as our agent, the Greater Manchester Pension Fund and any other unincorporated bodies that we host. They do not apply to staff contracts, purchases of land or financial investments by the Council.
- 4 Executive Directors are responsible for ensuring that all staff follow these Standing Orders and the Public Contracts Regulations 2015, which for the purpose of these Standing Orders we call the Procurement Rules. They do this by appointing a lead officer who looks after the contract tender and award process and to manage the contract once it has been awarded. Our Code of Practice gives guidance on the Procurement Rules.
- 5 **If any officer does not follow these Standing Orders or the Procurement Rules this may result in disciplinary action being brought against such employee and/or and senior officer responsible for ensuring compliance.**

A2 Are There Any Exceptions to the Standing Orders?

- 1 We can waive Standing Orders in exceptional circumstances as long as we don't break the Procurement Rules and it will achieve best value.
- 2 Anyone wanting an exception has to follow the approval process. This means the lead officer first getting their Executive Director's agreement and then submitting a written report to the Executive Director of Resources and Governance who can approve it in consultation with an Executive Member of the Council and the Chief Finance Officer. The Executive Director of Resources and Governance exercises an overall inspection and monitoring role in conjunction with the Chief Finance Officer as S151 Officer with responsibility for the Audit function.
- 3 We keep a record of all exceptions that are approved.
- 4 We make similar arrangements for the Greater Manchester Pension Fund.

A3 What Do We Gain Though Having Standing Orders?

- 1 They make sure that we get the benefits of competition and act in a proper manner.

- 2 They help us get best value and ensure that we show fairness, transparency, equality and integrity in all our dealings and that we act lawfully.

A4 Are there People We Can't Contract With?

- 1 We cannot have contracts with any Councillor or any organisation that the Councillor or any relative* of the Councillor has an interest in, unless there has been a competitive procurement and the contract is awarded to the best value tender. *Relative here means spouse, partner, parent, parent-in-law, child, stepchild, child of a partner or sibling.
- 2 Employees are also required to disclose in writing to the Executive Director for Governance & Resources of any financial interest in a contract, whether direct or indirect (not being a contract to which s/he is himself a party), that has been, or is proposed to be, entered into by the Council. Section 117 of the Local Government Act 1972 makes it a criminal offence to fail to do so.
- 3 The Head of Democratic Services any such interests or notifications in a Register.

A5 Work for Outside Bodies

- 1 An Executive Director can only submit a tender for work over £30K for an outside body if a report has been approved by the Executive Member, the Chief Finance Officer and the Executive Director of Resources and Governance.

B THE INITIAL STAGES OF PROCUREMENT

B1 How Do We Estimate Value?

- 1 First of all the lead officer has to do an estimate of the value of the contract and be aware of the threshold values under the Procurement Rules. These dictate which rules apply.
- 2 This has to be genuine and not a way to get round the thresholds in the Procurement Rules. For example we cannot divide up contracts or orders without a valid reason.
- 3 We must calculate the value that the person winning the contract will get over the expected life of the contract. We must also include any sums we get from third parties such as central Government. For a one off order, it means the order value. For recurrent purchases we look at the total value of purchases over the term of the contract.
- 4 If we receive a best bid which is more than 5% above the estimate value, the lead officer's Executive Director has to submit a written report with a full justification to the Executive Director of Resources and Governance who has to consult the First Deputy (Finance & Resources) and the relevant Service Executive Member of the Council. S/he cannot approve it if it takes it above a legal threshold. It will then have to go out to tender. It is therefore very important that lead officer err on side of caution otherwise the procurement process may end up taking longer than intended or desired.
- 5 If the estimate is close to the threshold for the Procurement Rules to apply, the lead officer must carry out a tender exercise that complies with the Procurement Rules.

B2. How Do We Get Best Value?

- 1 Everything we do has to be designed to get best value for the Council.

- 2 The definition we use is best the combination of whole life costs and benefits to meet the Council's needs.
- 3 Before starting any procurement or awarding any contract the lead officer has to understand those needs and check whether they could be met instead from an existing contract.
- 4 The lead officer also has to check that there is finance available from a Council revenue or capital budget. It may be necessary given the scale of spend for the lead officer to have in principle governance to incur such expenditure.

B3 We Care about Social Value

- 1 We must follow the Public Services (Social Value) Act 2012. This means that when we embark on a procurement exercise the lead officer must consider how it might improve the economic, social and environmental well-being of the inhabitants of Tameside.

B4 How Do We Ensure Proper Specifications?

- 1 All specifications have to set out what the Council needs clearly and precisely. We do not allow the contract to be advertised until the Specification is ready.
- 2 The Specification cannot include material that is discriminatory, distorts competition or is non-commercial. This applies to any quality standards we specify.
- 3 We only name specific products, sources or process if these are essential for our needs. When we do so we allow equivalent items to be used.
- 4 All our Specifications and contracts must include conditions dealing with our legal requirements or policies. We also require minimum levels of insurance cover.

C UNDERTAKING A COMPETITIVE PROCESS

C1 We Use Public Sector Portals

- 1 All contracts £60K and over have to be advertised on the Government website Contracts Finder.
- 2 Procurement leads must use the Chest, the North West's Local Authority Procurement Portal for all competitive procurements.

C2 We Use Frameworks

- 1 We support the use of national, regional and local frameworks as they produce significant savings in time, effort and cost for the Council.
- 2 We operate a general waiver system for use of frameworks. A general waiver is approved annually listing the frameworks which can be used without the need for further authorisation.
- 3 If the framework does not fall within the general waiver, written approval of the Executive Director of Resources and Governance and the Chief Finance Officer in consultation with the First Deputy (Finance & Performance) must be obtained.

C3 How Do We Choose The Right Procurement Procedure?

- 1 Before choosing a procurement procedure the lead officer has to look at the Code of Practice to see if the Procurement Rules apply. The lead officer should also get advice and approval from Corporate Procurement and also legal services if needed.
- 2 If the procurement is going to be carried out by another public body, the lead officer must submit a report and get written permission from the Executive Director of Resources and Governance that it is lawful for us to participate.
- 3 The lead officer must select the procedure that is most likely to get best value for us and calculate the value of the contract in accordance with the Procurement Rules.

C4 Contracts Under £25K

- 1 The lead officer is free to decide how to proceed based on professional judgment. This means for contracts over £5K the 'Quick Quote' facility in the Chest should be used
- 2 The lead officer must comply with our Financial Regulations and Procedures and these Standing Orders and keep a written record of the decision.

C5 Contracts £25K or Over but Under £60K

- 1 The lead officer must use the Chest to get at least three quotations from suitably experienced firms that can meet our needs.
- 2 There must be a proper system in place for receiving, opening, registering and evaluating the quotations.
- 3 The lead officer can accept the best value quotation and must comply with our Financial Regulations and Procedures and these Standing Orders. If these are not complied with, the lead officer must submit a written report for the written approval of the Executive Director of Resources and Governance and the Chief Finance Officer in consultation with the First Deputy Finance & Performance.

C6 Contracts £60K or Over but Below the Procurement Rules Thresholds

- 1 The lead officer must comply with these Standing Orders and use one of the following procedures as set out in the Procurement Rules:
 - Open Procedure;
 - Competitive Procedure with Negotiation;
 - Competitive Dialogue;
 - Innovation Partnership.
- 2 If the lead officer wants to use any procedure other than the Open one, permission must be obtained in advance from the Executive Director of Resources and Governance in consultation with the First Deputy Finance & Performance and relevant service Executive Member. The lead officer must submit a written report to the Executive Director.
- 3 Restricted procedure cannot be used for a below threshold procurement.

C7 Contracts At or Over the Procurement Rules Thresholds

- 1 The lead officer must consult the Code of Practice to see if the Procurement Rules apply.
- 2 If the lead officer feels that the Procurement Rules do not apply, if for example it is a 'Light Touch' services procurement which has a higher threshold, written confirmation has to be obtained from the Executive Director of Resources and Governance and the advice placed on the procurement file. In that case the lead officer must follow the procedure in the previous paragraph.
- 3 If the Procurement Rules do apply, the lead officer must use one of the following procedures as set out in the Procurement Rules:
 - Open Procedure;
 - Restricted Procedure;
 - Competitive Procedure with Negotiation;
 - Competitive Dialogue Procedure;
 - Innovation Partnership.
- 4 If the lead officer wants to use any procedure other than the Open Procedure or Restricted Procedure, permission must be obtained in advance from the Executive Director of Resources and Governance in consultation with the First Deputy Finance & Performance and the relevant service Executive Member. The lead officer must submit a written report to the Executive Director.

D ENSURING PROBITY

D1 What Are the Arrangements for Tenders?

- 1 The lead officer has to give the Head of Democratic Services details of the name and date of every tender invitation.
- 2 It is our policy to use electronic tendering as set out in the tender instructions describing the system approved by the Executive Director of Resources and Governance as being secure. In such cases after the deadline for submission of tenders has passed the electronic seal can be opened by a single duly appointed officer of the Democratic Services.
- 3 Where this is not available, bids can be submitted by post or hand delivery to in a sealed envelope marked with the word 'tender' and its name addressed to the Head of Democratic Services, Tameside MBC, Dukinfield Town Hall, King Street, Dukinfield SK16 4LA.
- 4 The Head of Democratic Services has to record the date and time of receipt and keep the unopened tenders in a safe place until the deadline for tender submission has passed.
- 5 Tenders cannot be submitted by fax or email and late tenders cannot be considered. The Head of Democratic Services has to notify any bidder who submits a faxed, emailed or late tender.
- 6 Duly appointed officers of the Democratic Services and Finance open the tenders. They access and record electronic tenders first followed by paper tenders. They put in the Tender Register:
 - Name of the tender
 - Name of the Bidder
 - Date and time of receipt of each tender

- Value of each bid
 - Date and time of opening of each tender and the names of the persons present.
- 7 Arrangements are then made for the lead officer to collect the tenders. The lead officer then sets up an Evaluation Panel to do an evaluation in accordance with the Code of Practice.

D2 Evaluating Tenders received

- 1 Tenders cannot be altered during the evaluation, except where there are obvious arithmetical errors or discrepancies that would affect the value of the tender. If that happens the lead officer can notify the bidder and give an opportunity for the bidder to write:
- Confirming the tender
 - Withdrawing it or
 - Correcting the error or discrepancy
- 2 A record has to be kept of any corrections made as a result.
- 3 We cannot negotiate with bidders after tenders are received, unless we are using a Competitive Procedure with Negotiation.

D3 Accepting Tenders

- 1 The lead officer can accept the best value tender received in accordance with the Code of Practice.
- 2 If the lead officer wants to accept a tender where:
- it is not best value, or
 - it has been negotiated, or
 - less than 3 tenders have been received
- a report has to be written with a full justification with details of the evaluation.
- 3 The lead officer has to submit this for approval by the Executive Director of Resources and Governance and the Chief Finance Officer who have to consult the First Deputy Finance & Performance and the relevant service Executive Member.

D4 Contract Award

- 1 The lead officer has to inform every bidder of the result in accordance with the Code of Practice.
- 2 The Procurement Rules require the lead officer to write and retain a written report (a "Regulation 84 Report") covering specified information about the procurement process for every over EU threshold contract, framework agreement and dynamic purchasing system which is awarded or established.
- 3 We keep a Register of Contracts so the lead officer must inform Corporate Procurement that the contract has been awarded giving the information required in the Code of Practice.

E ENTERING INTO A CONTRACT

E1 We Have Some Formal Requirements

- 1 Contracts over £60K have to be in writing and sealed by the Council. The sealing can be witnessed by any of one of the following people:
 - Executive Director of Resources and Governance;
 - Head of Legal Services;
 - Assistant Borough Solicitor; or
 - Anyone authorised by the Executive Director of Resources and Governance.
- 2 Contracts between £25K and £60K have to be in writing and signed by two officers, one of whom has to be from the following list:
 - Chief Executive
 - Executive Director of Resources and Governance
 - Member of the Senior Management Team
 - Head of Legal Services
- 3 Contracts below £25K have to comply with our Financial Regulations and Procedures.
- 4 Contracts only start when a formal agreement has been signed or a letter of acceptance and an official order for the procurement has been issued. We make payments under contracts in accordance with the terms of the contract.
- 5 We monitor Contracts and review the performance of contractors regularly throughout the contract period.

F CHANGING THE CONTRACT

F1 Can We Extend or Vary Contracts and Make Direct Awards?

- 1 All requests for extensions, direct awards or variations to a contract have first to be authorised in writing by an Executive Director or the Director of Pensions if it is a Pension Fund matter.

Extension

- 2 Contracts can only be extended if:
 - There is an extension provision in the contract, or
 - Only the existing contractor can meet the tender requirements and no reasonable alternative or substitute exists, orThere is extreme urgency due to events which we could not foresee and are not our fault. This usually means Act of God situations such as fire or flood.

- 3 In all such cases the written approval of the Executive Director of Resources and Governance and the Chief Finance Officer in consultation with the First Deputy Finance & Performance and the relevant service Executive Member must be obtained.

Direct Award

- 4 Where the Procurement Rules apply a direct award of a contract i.e. without any competition can only be made if:
 - No suitable tender is received capable of meeting our requirements.
 - Our requirements can only be met by a single bidder because:
 - (i) the aim of the procurement is the creation or acquisition of a unique work of art or artistic performance, or
 - (ii) competition is absent for technical reasons
 - (iii) we have to protect exclusive rights such as intellectual property rights and no reasonable alternative or substitute exists.

- There is extreme urgency due to events which we could not foresee and are not our fault. This usually means Act of God situations such as fire or flood.

Variation

- 5 Where the Public Contracts Rules apply a contract can be varied if:
- The variation is provided for in the original contract;
 - Additional works, supplies or services are necessary and we cannot change contractor for technical reasons or without significant inconvenience or cost - provided that these are not more than 50% of the value of the original contract.
 - There are circumstances which as a diligent contracting authority we could not have foreseen. This usually means Act of God situations such as fire or flood. The variation must not alter the overall nature of the contract or be more than 50% of the value of the original contract.
 - It is to novate the contract to a new provider who takes on the obligations of the original contractor.
 - The variation is of low value. This means not more than 10% of the value of the original contract.
- 6 In every case where a variation or direct award is requested, except where the variation is provided for in the original contract, the Executive Director must get the written approval of the Chief Finance Officer and the Executive Director of Resources and Governance in consultation with the First Deputy Finance & Performance and the relevant service Executive Member.
- 7 They can only grant such an approval if it can be demonstrated that this will achieve Best Value for the Council and is in accordance with the Procurement Rules.
- 8 Similar arrangements apply to the Greater Manchester Pension Fund where the Pension Fund Management/Advisory Panel can extend, make direct awards or vary contracts. The Director of Pensions has to write a report with comments from the Executive Director of Resources and Governance.

F2 What Happens If the Final Costs Is More than the Estimate?

- 1 We allow minor variations on the following scale:

Contract Value		Permitted Variation
Exceeding	Not Exceeding	
£25,000	£60,000	10%
£60,000	£500,000	7.5%
£500,000	£1,000,000	5%
£1,000,000+		2.5%

- 2 If the final cost is likely to be more than a minor variation, the lead officer has to submit a written report to their Director, the Executive Member and the Assistant Executive Director of Finance.

F3 How Do We Deal with Contract Claims

- 1 An Executive Director can deal with contract claims not covered by the contract, provided they take advice of the Executive Director of Resources and Governance on legal liability and the Chief Finance Officer on financial implications.
2. Where claims are likely to arise due to delay the Executive Director has to notify the Executive Member and the Executive Director of Resources and Governance and the Chief Finance Officer of the remedial action to be taken.

3. It should be noted only the Executive Director of Resources and Governance has authority to settle disputes and litigious actions.

APPENDIX 2

The Greater Manchester Combined Authority (GMCA) Social Value Policy and Framework

1.0 Purpose

The aim of this Policy is to set out how the Combined Authority (and its members) will deliver social value through their commissioning and procurement activities and to set the Authority's priorities in relation to social value.

2.0 Background and Scope

The Public Services (Social Value) Act 2012 came into force on 31 January 2013*. It is now a legal obligation for local authorities and other public bodies to consider the social good that could come from the procurement of services before they embark upon it. The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, councils give consideration to the wider impact of the services delivery. It allows authorities, for example, to choose a supplier under a tendering process who not only provides the most economically advantageous service, but one which goes beyond the basic contract terms and secures wider benefits for the community. It could be argued that this type of approach has been adopted as good practice across Greater Manchester Authorities before the Act came into force. However, together the Act and this policy provide an opportunity to deliver a cohesive yet flexible and innovative approach to generating social value through public procurement.

Statutory requirement of the Act only apply to public service contracts above EU thresholds, however in order to incorporate the good practice associated with Social Value into mainstream commissioning and procurement practice, it is the intention of the Combined Authority to embed this policy and associated Great Manchester Social Value Framework within all commissioning and procurement activity wherever proportionate and practicable. This policy statement sets out the Combined Authority's aims in this regard. In particular it seeks to:

- Set out a definition of Social Value for Greater Manchester
- Sets out the policy context for Social Value in Greater Manchester
- Set out the priority policy objectives
- Sets out a Greater Manchester Social Value Framework

3.0 Defining Social Value

The Act does not define what is meant by 'social value'. Therefore the Combined Authority will adopt the definition of social value as set out by the Sustainable Procurement Taskforce. Social Value is defined as:

A process whereby organisations meet their needs for good, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

4.0 Policy Context

The Greater Manchester Strategy 2013-20 – 'Better Together' sets the overarching strategic framework for this policy.

The strategy recognises that despite the recession, Greater Manchester's economy has been shown to be more robust than most of the rest of the UK economy. Greater Manchester generates £48 billion GVA, a 4% share of the national economy. However, given the size of the GM

economy, it is recognised that we should be achieving more. The Strategy outlines that we are currently a 'cost centre' for the UK, requiring £22 billion of public spending but only generating £17 billion in taxes. The aspiration is for Greater Manchester to close and then eliminate that £5 billion deficit to become a net contributor to the national economy.

This Public Service Reform agenda sets out a collaborative and ambitious programme with two linked aims:

- to re-design public services to build the independence and self-reliance of GM's residents; and,
- to collaboratively invest in public service interventions to help all GM partners sustainably reduce demand for their services.

These reforms are expressly designed to encourage families, individuals and communities to lead more productive and fulfilling lives. This Social Value Policy, the Greater Manchester Social Value Framework that supports it and the Social Value activities that it generates will form a key element in the delivery of Public Sector Reform.

5.0 Objectives

The objectives of this policy reflect the Combined Authority's definition of Social Value (set out in Section 3.0) and are as follows:

- promote employment and economic sustainability – tackle unemployment and facilitate the development of skills
- raise the living standards of local residents – working towards living wage, maximise employee access to entitlements such as childcare and encourage suppliers to source labour from within Greater Manchester
- promote participation and citizen engagement - encourage resident participation and promote active citizenship
- build the capacity and sustainability of the voluntary and community sector– practical support for local voluntary and community groups
- promote equity and fairness – target effort towards those in the greatest need or facing the greatest disadvantage and tackle deprivation across the borough
- promote environmental sustainability – reduce wastage, limit energy consumption and procure materials from sustainable sources

Theme	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT an exhaustive list)
a) Promote Employment & Economic Sustainability	Outcome 1: More local people in work	<ul style="list-style-type: none"> • Create x number of new jobs in the local economy • Create x number of traineeships (including apprenticeships) for local residents • Provide x number of days of meaningful work experience for local residents • Support x number of people back to work by providing career mentoring for job clubs, including mock interviews, CV advice, and careers guidance • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students • Employ x number of ex-offenders (or other group of people who typically face additional challenges in competing in the labour market)

Theme	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT and exhaustive list)
	Outcome 2: Thriving local businesses	<ul style="list-style-type: none"> • Support x number of new business start-ups by running practical workshops with enterprise clubs • Support the local economy by spending x% of total expenditure in the local supply chain - this could be measured with tools such as LM3 • Support the local supply chain by spending x% of total expenditure in a xx-mile radius of / within Greater Manchester
	Outcome 3: Responsible businesses that do their bit for the local community	<ul style="list-style-type: none"> • Attract £x worth of inward investment into the borough • Secure positive profile for the Greater Manchester through x number of positive stories in the national media • Support the Fairtrade status by ensuring that x% of food products in the supply-chain is Fairtrade • Secure £x-worth of investment in, or in-kind contributions to, fuel poverty initiatives in Greater Manchester
b) Raise the living standard of local residents	Outcome 4: A Local workforce which is fairly paid and positively supported by employers	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Improve the skills levels of existing staff by training x% of the workforce to Level 2/3/4 (for example) • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date
c) Promote Participation and Citizen Engagement	Outcome 5: Individuals and communities enabled and supported to help themselves	<ul style="list-style-type: none"> • x% of service users supported to self-help • Coordinate and run a befriending scheme to reduce social isolation (and thus prevent the consequences of social isolation) for x number of older people
d) Build capacity and sustainability of the Voluntary and Community Sector	Outcome 6: An effective and resilient third sector	<ul style="list-style-type: none"> • Contribute x number of hours of business planning support / financial advice / legal advice / HR advice to community and voluntary organisations through an Employer-Supported Volunteering scheme • Provide facilities for use by community and voluntary organisations for x number of hours per year • Work with community and voluntary organisations to create x number of new volunteering opportunities in the Greater Manchester • Support local third sector organisations through the supply chain by spending x% of total expenditure with community and voluntary sector providers based in Greater Manchester
e) Promote Equity and Fairness	Outcome 7: A reduction in poverty, health and education inequalities.	<ul style="list-style-type: none"> • Work towards paying staff the Living Wage • Increase rates of pay for lowest-paid staff by x% • Reduce average sickness absence by x% through an improved health, wellbeing and support package for staff • Identify all staff who are carers and ensure flexible working practices are implemented to support these responsibilities within x weeks of contract start date • Supporting young people into work by delivering employability support (e.g. CV advice, mock interviews, careers guidance) to x number of school and college students

Theme	Outcomes: What are we trying to achieve?	What could this mean for suppliers? What could they deliver (Examples Only – this is NOT and exhaustive list)
	Outcome 8: Acute problems are avoided and costs are reduced by investing in prevention.	<ul style="list-style-type: none"> • x% overall spend disinvested from acute interventions and reinvested in prevention • Support prevention by running education and publicity campaigns with specific targets (e.g. support x number of staff / residents / service users to stop smoking / increase their physical activity / access money advice)
f) Promote Environmental Sustainability	Outcome 8: We are protecting our physical environment and contributing to climate change reduction.	<ul style="list-style-type: none"> • Reduce the amount of waste generated by x% compared to previous contract • Reduce the amount of waste sent to landfill by x% compared to previous contract • Reduce carbon emissions by x% per year • Reduce overall energy consumption / water consumption by x% per year • Increase the use of renewable energy / community generated renewable energy as a proportion of total energy consumption by x% over the lifetime of the contract (without increasing overall energy consumption) • Support x number of households to better manage their energy demands through improvements in the fabric of their homes, bringing them out of fuel poverty and contributing to climate change goals