

Financial Performance and Direction
Report by Head of Finance

Summary: This report provides a strategic overview of current key financial issues and providing for a simplification in the way that the Authority advertises tenders.

Recommendations:

Section 1

- (i) That the income and expenditure figures be noted.

Section 2

- (ii) That the amendment to the Standing Orders Relating to Contracts set out in section 2 (as shown at Appendix 3 to this Report) be approved.

1 Consolidated Income and Expenditure from 1 April 2014 to 28 February 2015

Overview

- 1.1 This financial monitoring report summarises details of the forecast outturn and actual expenditure for both National Park and Navigation. It is presented in a revised format in line with comments from Members. Feedback on the new form of presentation would be welcomed.

Table 1 – Actual Consolidated I&E by Directorate to 28 February 2015

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(6,222,942)	(6,221,795)	-1,147
Operations	2,644,716	2,754,310	-109,594
Planning and Resources	2,652,261	2,414,630	+237,631
Chief Executive	371,536	363,489	+8,047
Projects, Corporate Items and Contributions from Earmarked Reserves	0	(166,523)	+166,523
Net (Surplus) / Deficit	(554,428)	(855,889)	+310,460

- 1.2 Core navigation income was within £1,200 of the profiled budget at the end of month eleven. The overall position as at 28 February 2015 is a favourable

variance of £310,460 or 54.37% difference from the profiled LAB. This represents an increase against the favourable variance of £287,850 reported for January. The February position is principally due to an overall adverse variance of £1,246 within toll income:

- Hire Craft Tolls £44,837 below the profiled budget
- Private Craft Tolls £41,072 above the profiled budget

At the end of the financial year it is currently anticipated that the net position on Tolls will be broadly in line with the total budget (with Private Tolls up and Hire Tolls down), and this position has been reflected in forecast outturn figures.

- 1.3 The Operations budget has moved to a slight overspend position of £6,009, once contributions from reserves (a total of £103,584 in relation to construction of a second wherry, the fen harvester, and income from the sale of the Thurne and Barton launch) have been taken into account. There is in particular now an overspend of approximately £30,924 in the Equipment, Vehicles and Vessels budget due mainly to timing differences in repairs and maintenance expenditure. The Ranger budget has also moved into an overspend of approximately £36,923 due to reorganisation costs. The Operation Premises budget is also overspent (£10,164) mostly due to the vacant property at Ludham. This is offset by underspends in the Construction and Maintenance Salary budget (£12,661), the Water Management budget (£29,580), the Land Management budget (£24,634), the Practical Maintenance budget (£12,135), and the Asset Management budget (£11,781). These underspends relate to a staff vacancy, increased land registration costs and timing differences.
- 1.4 There is an underspend within Planning and Resources budgets though this principally relates to timing issues:
- Project expenditure behind profile (£70,209), including within the main project budget and also Biodiversity Strategy. Some of these will relate to timing differences;
 - The cancellation of the Whittingham development project (£45,833);
 - Salary underspends (£11,251) in respect of vacancies earlier in the year (Waterways and Recreation Strategy);
 - An underspend within Finance budgets (£34,904) in respect of a staff vacancy and outstanding insurance and audit billing;
 - Capacity issues within ICT which has delayed expenditure (£41,496), this is likely to result in a carry-forward request for 215/16;
 - Delayed and lower than expected legal billing (£21,312);
 - Underspends in office expenditure budgets (£34,077) in respect of posting and photocopying; and
 - Significant success in securing additional income (£113,984) including planning fee income, strategy and projects grant and partnership income, and additional Visitor Centre / Yacht Station income.

- 1.5 Expenditure within the individual directorate lines is partly offset by contributions from reserves (within the *Projects, Corporate Items and Contributions from Earmarked Reserves* line in Table 1). The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the LAB. There have been no changes to the Latest Available Budget since the last report.

Overview of Forecast Outturn 2014/15

- 1.6 Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all budget lines for which they are responsible. As at the end of February 2015, the forecast outturn indicates:
- The total forecast income is £6,230,354, or £11,910 less than the LAB
 - Total expenditure is forecast to be £6,287,745
 - The resulting deficit for the year is forecast to be £57,391
- 1.7 The main reasons for the difference between the last forecast outturn reported and the LAB are reduced expenditure on postage (£10,000), savings on Head Office running costs (£5,500) and reduced claims for members allowances (£5,000).

Reserves

- 1.8 The balance of the consolidated earmarked reserves at the end of February 2015 is shown in Table 2 below.

Table 2 – Consolidated Earmarked Reserves

	Balance at 1 April 2014	In-year movements	Current reserve balance
	£	£	£
Property	568,100	13,517	581,617
Plant, Vessels and Equipment	217,282	15,270	232,552
Premises	138,723	22,500	161,223
Planning Delivery Grant	454,172	(100,366)	353,806
Sustainable Development Fund	65,664	(25,490)	40,174
Mobile Phone Upgrade	7,567	(3,332)	4,235
Upper Thurne Enhancement	81,768	(25,723)	56,045
Section 106	12,069	4,464	16,533
PRISMA	244,954	(167,147)	77,807
Total	1,790,299	(266,307)	1,523,992

- 1.9 £854,579 of the current reserve balance relates to navigation reserves.
- 1.10 The Authority makes contributions into earmarked reserves on a quarterly basis, with the final instalments for 2014/15 due in March. As a result the balance of earmarked reserves at year end is anticipated to be higher than the level currently reported for February.

Summary

- 1.11 Taking account of the significant changes to the forecast outturn above the current forecast outturn position for the year suggests a deficit of £73,557 for the National Park side and a surplus of £16,166 for Navigation resulting in an overall deficit of £57,391 within the consolidated budget, which would indicate a general fund reserve balance of approximately £731,000 and a navigation reserve balance of approximately £306,000 at the end of 2014/15. (before any year-end adjustments), which equates to 10.3% of net expenditure and is in line with the recommended level of 10%.

2 Standing Orders Relating to Contracts

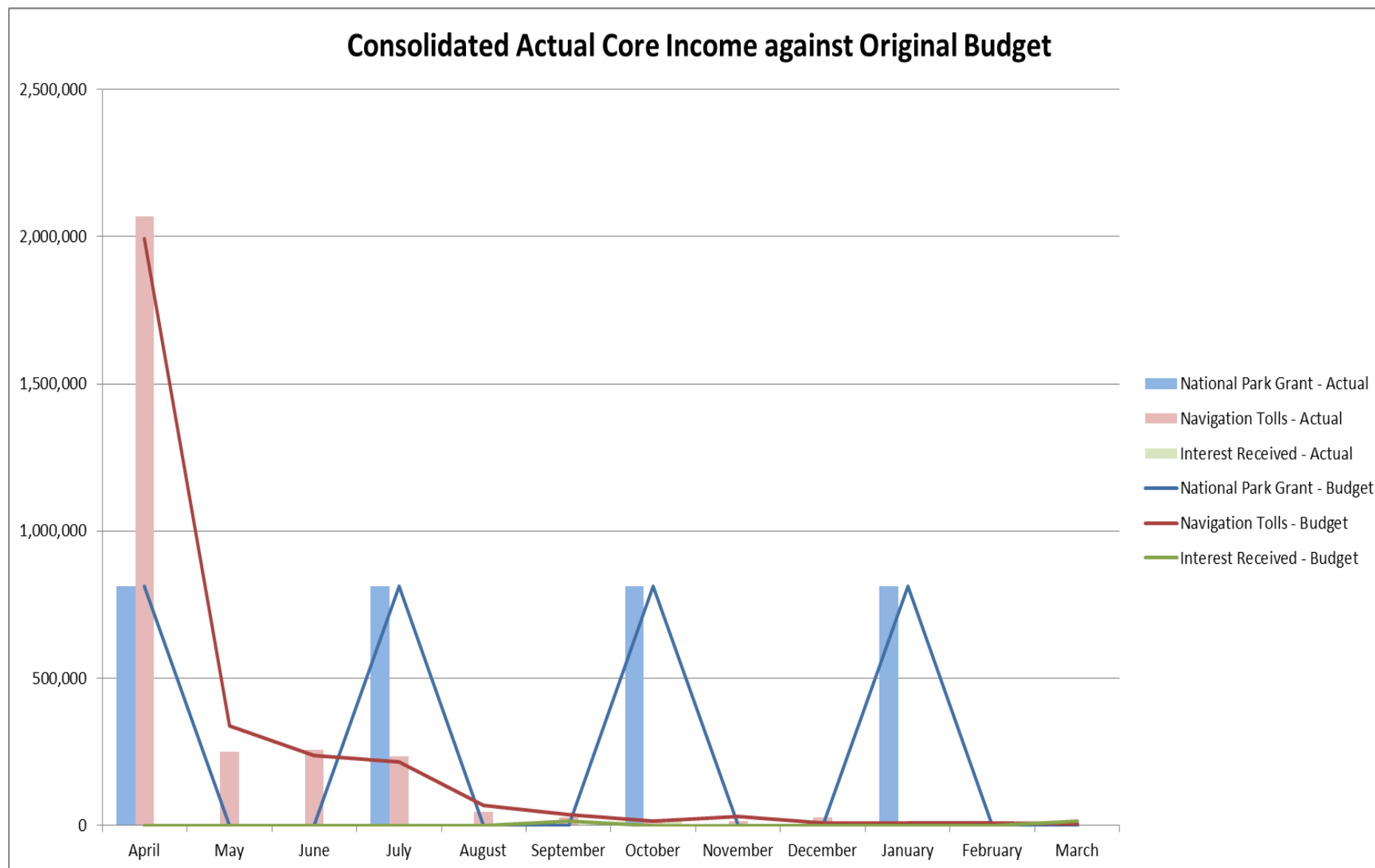
- 2.1 The Authority's Standing Orders relating to Contracts were last updated following approval at the Financial Scrutiny and Audit Committee in July 2013. It is a requirement that the Standing Orders relating to Contracts are due to be reviewed at periods of not exceeding every 3 years.
- 2.2 Recently, it has been identified that where it was once appropriate to advertise for tenders (contracts above £25,000) in the local press or appropriate journals (if above £100,000) it is believed that the Authority would attract an equivalent level of interest from suitable tenderers whilst obtaining best value by utilising more relevant and cheaper forms of advertisement.
- 2.3 Whilst the option to advertise in the local press should remain (if appropriate) it is proposed to amend this to include other relevant sources. These other relevant sources would include website advertising. By having an advert on a relevant/trade website, this would provide the initial details and a link to the Authority's website. This would then include further details and potentially the full tender document and the relevant officers contact details.
- 2.4 The Authority is required under the Local Government Transparency code 2014 to place details of tenders/contracts on its website and this would help fulfil this requirement.
- 2.5 The proposed amendments are highlighted within tracked changes in Appendix 3.

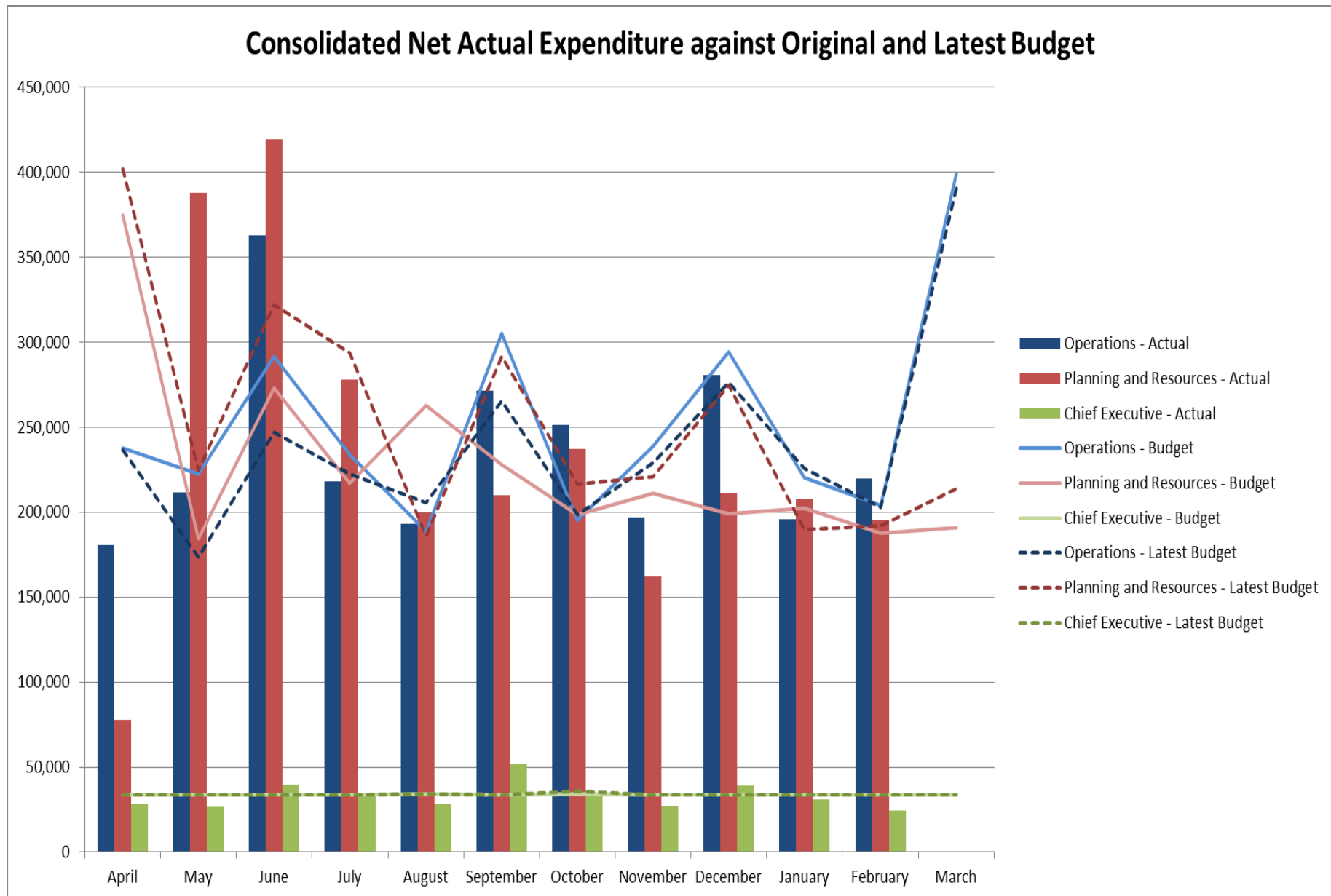
Background Papers: None

Author: Emma Krelle
Date of Report: 24 April 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1: Consolidated Actual Income and Expenditure
Charts to 28 February 2015
APPENDIX 2: Financial Monitor: Consolidated Income and
Expenditure 2014/15
APPENDIX 3: Standing Orders relating to Contracts (with
tracked changes identifying proposed amendments)





To 28 February 2015

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,242,264)		(6,242,264)	(6,230,354)	(11,910)
National Park Grant	(3,245,393)		(3,245,393)	(3,245,393)	0
Income	(3,245,393)		(3,245,393)	(3,245,393)	0
Hire Craft Tolls	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Income	(1,118,300)		(1,118,300)	(1,073,105)	(45,195)
Private Craft Tolls	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Income	(1,792,100)		(1,792,100)	(1,833,384)	41,284
Short Visit Tolls	(37,721)		(37,721)	(37,721)	0
Income	(37,721)		(37,721)	(37,721)	0
Other Toll Income	(18,750)		(18,750)	(18,750)	0
Income	(18,750)		(18,750)	(18,750)	0
Interest	(30,000)		(30,000)	(22,000)	(8,000)
Income	(30,000)		(30,000)	(22,000)	(8,000)
Operations	3,030,715	30,113	3,060,828	3,116,126	(55,298)
Construction and Maintenance Salaries	1,074,770		1,074,770	1,065,359	9,411
Salaries	1,074,770		1,074,770	1,065,359	9,411
Expenditure			0		0
Equipment, Vehicles & Vessels	405,000	(17,450)	387,550	387,550	0
Income			0		0
Expenditure	405,000	(17,450)	387,550	387,550	0
Water Management	67,500	14,350	81,850	80,535	1,315
Income	0		0	(1,315)	1,315
Expenditure	67,500	14,350	81,850	81,850	0
Land Management	(41,000)	14,850	(26,150)	(28,275)	2,125
Income	(90,000)		(90,000)	(100,500)	10,500
Expenditure	49,000	14,850	63,850	72,225	(8,375)

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Practical Maintenance	339,035	7,170	346,205	346,527	(322)
Income	(7,000)		(7,000)	(8,700)	1,700
Expenditure	346,035	7,170	353,205	355,227	(2,022)
Ranger Services	663,010		663,010	696,340	(33,330)
Income	(35,000)		(35,000)	(35,000)	0
Salaries	580,010		580,010	613,340	(33,330)
Expenditure	118,000		118,000	118,000	0
Pension Payments			0		0
Safety	76,900		76,900	83,542	(6,642)
Income	(9,000)		(9,000)	(1,000)	(8,000)
Salaries	51,900		51,900	51,542	358
Expenditure	34,000		34,000	33,000	1,000
Asset Management	104,650		104,650	123,912	(19,262)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	37,900		37,900	37,662	238
Expenditure	67,750		67,750	87,250	(19,500)
Volunteers	61,340		61,340	61,373	(33)
Income	(1,000)		(1,000)	(1,000)	0
Salaries	42,340		42,340	42,373	(33)
Expenditure	20,000		20,000	20,000	0
Premises	151,970	11,193	163,163	172,363	(9,200)
Income	(11,200)		(11,200)	(2,000)	(9,200)
Expenditure	163,170	11,193	174,363	174,363	0
Operations Management and Administration	127,540		127,540	126,900	640
Income			0		0
Salaries	115,040		115,040	114,400	640
Expenditure	12,500		12,500	12,500	0
Planning and Resources	2,729,004	111,479	2,840,484	2,657,409	183,075
Development Management	224,910		224,910	215,699	9,211
Income	(60,000)		(60,000)	(75,000)	15,000
Salaries	259,910		259,910	255,699	4,211

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	25,000		25,000	35,000	(10,000)
Pension Payments			0		0
Strategy and Projects Salaries	231,575	8,546	240,121	209,837	30,284
Income	(27,500)		(27,500)	(39,000)	11,500
Salaries	249,075	8,546	257,621	238,837	18,784
Expenditure	10,000		10,000	10,000	0
Biodiversity Strategy	35,000	42,298	77,298	77,298	0
Income			0		0
Expenditure	35,000	42,298	77,298	77,298	0
Strategy and Projects	84,900	2,020	86,920	86,453	467
Income			0		0
Salaries	44,900		44,900	44,433	467
Expenditure	40,000	2,020	42,020	42,020	0
Waterways and Recreation Strategy	84,920		84,920	78,618	6,302
Salaries	69,920		69,920	63,618	6,302
Expenditure	15,000		15,000	15,000	0
Project Funding	101,780	46,615	148,395	148,023	372
Income	(19,000)		(19,000)	(19,000)	0
Salaries	41,780		41,780	41,408	372
Expenditure	79,000	46,615	125,615	125,615	0
Pension Payments			0		0
Partnerships / HLF	50,000		50,000	0	50,000
Expenditure	50,000		50,000	0	50,000
SDF	12,000		12,000	12,000	0
Expenditure	12,000		12,000	12,000	0
Finance and Insurance	336,569	10,000	346,569	327,632	18,937
Income			0		0
Salaries	133,970		133,970	130,033	3,937
Expenditure	202,599	10,000	212,599	197,599	15,000
Communications	316,260		316,260	318,598	(2,338)
Income			0		0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Salaries	241,260		241,260	243,598	(2,338)
Expenditure	75,000		75,000	75,000	0
Visitor Centres and Yacht Stations	235,660	2,000	237,660	222,236	15,424
Income	(213,000)		(213,000)	(213,000)	0
Salaries	317,660		317,660	302,236	15,424
Expenditure	131,000	2,000	133,000	133,000	0
Collection of Tolls	113,660		113,660	113,192	468
Salaries	100,960		100,960	100,492	468
Expenditure	12,700		12,700	12,700	0
ICT	267,820		267,820	272,142	(4,322)
Income			0		0
Salaries	127,120		127,120	131,442	(4,322)
Expenditure	140,700		140,700	140,700	0
Legal	120,000		120,000	104,112	15,888
Income	0		0	(13,000)	13,000
Salaries	0		0	7,112	(7,112)
Expenditure	120,000		120,000	110,000	10,000
Premises - Head Office	240,000		240,000	224,547	15,453
Expenditure	240,000		240,000	224,547	15,453
Planning and Resources Management and Administration	273,950		273,950	247,021	26,929
Income	0		0	(11,000)	11,000
Salaries	146,750		146,750	148,821	(2,071)
Expenditure	127,200		127,200	109,200	18,000
Chief Executive	405,040		405,040	421,098	(16,058)
Human Resources	133,140		133,140	158,206	(25,066)
Salaries	73,140		73,140	98,206	(25,066)
Expenditure	60,000		60,000	60,000	0
Governance	170,410		170,410	160,659	9,751
Income			0		0
Salaries	109,210		109,210	104,459	4,751
Expenditure	61,200		61,200	56,200	5,000

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Chief Executive	101,490		101,490	102,233	(743)
Salaries	101,490		101,490	102,233	(743)
Expenditure			0		0
Projects and Corporate Items	93,000		93,000	93,113	(113)
PRISMA	0		0	113	(113)
Income			0		0
Salaries	10,410		10,410	10,523	(113)
Expenditure	(10,410)		(10,410)	(10,410)	0
STEP			0		0
Expenditure			0		0
Corporate Items	93,000		93,000	93,000	0
Pension Payments	93,000		93,000	93,000	0
Contributions from Earmarked Reserves			0		0
Earmarked Reserves			0		0
Expenditure			0		0
Grand Total	15,495	141,592	157,087	57,391	99,696



Broads Authority

Standing Orders Relating to Contracts

NOTE: These Standing Orders should be read in conjunction with the “Standard Terms for Contracts” which provide standard wording for use in tender documentation. All tenders should be reviewed by the Head of Finance, Financial Accountant or appropriate Director prior to being issued. For advice on the legal aspects of tenders, the Authority’s Solicitor should be consulted.

Application and Exceptions

1. Purpose of Standing Orders

The overall purpose of these Standing Orders is as follows:

- (a) to ensure transparency and fairness in the procurement of works, supplies and services;
- (b) to ensure that the Authority gets best value from its procurements; and
- (c) to protect those involved in the procurement process.

2. Duty to Achieve Best Value

Every contract or official order for works, supplies and services made by the Authority must be for the purchase of achieving the Authority’s statutory and approved objectives and must be in accordance with the Authority’s duty of Best Value, to secure continuous improvement in the exercise of all its functions, having regard to a combination of economy, efficiency and effectiveness.

3. Application

- (a) These Standing Orders apply to every contract made by or on behalf of the Authority except contracts for:
 - (i) the acquisition or disposal of any interest in land; or
 - (ii) insurance or the lending or borrowing of money; or
 - (iii) the employment of any employee.

- (b) The engagement of consultants and other professional advisers must be in accordance with these Standing Orders unless the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the appropriate committee, directs otherwise.

4. Compliance with European Commission (EC) Directives

Every contract must comply with the EC Treaty and with any relevant directives of the EC for the time being in force in the United Kingdom. These Standing Orders have effect subject thereto.

5. General Exemptions

- (a) The Authority or the appropriate committee may authorise exemption from any of the following provisions of these Standing Orders where they are satisfied that the exemption is justified in special circumstances.
- (b) The Chief Executive may authorise exemption from any of the following Standing Orders by certifying that there is an extreme emergency.
- (c) Every exemption authorised under these Standing Orders must be reported to the Authority and the report must specify the emergency or other special reason justifying it.

6. Specific Exemptions

Quotations or tenders need not be invited in the case of a contract:

- (a) for the supply of goods or services where there is only one supplier and no acceptable alternative;
- (b) for goods or materials to be purchased at an auction, or through any consortium, association or similar body of which the Authority is a member, or under any framework arrangement negotiated for the benefit of public bodies;
- (c) for works of art, museum specimens or historical documents;
- (d) which constitutes an extension of an existing contract (such an extension to be approved by the Chief Executive in cases where the variation is up to 10 per cent of the original price; above that figure extensions can only be approved by the appropriate committee);
- (e) for the execution of work or for the supply of goods or materials certified by the Chief Executive as being required so urgently as to preclude the invitation of quotations or tenders;

- (f) (except where it is readily practicable to invite quotations or tenders) for repairs to, or the supply of, parts of existing proprietary or patented articles, including machinery or plant;
- (g) for which it is not considered reasonably practicable in the Authority's interest so to do, subject to a report to the Broads Authority or appropriate committee;
- (h) on behalf of another body for which the Authority is acting as agent, provided any rules or standing orders of that body are complied with; or
- (i) where the Authority is undertaking work in partnership with another public sector organisation, and the work is being funded either entirely or more than 50% by that organisation, the Authority need not necessarily seek competitive quotations or tenders if that other organisation or another public body has already undertaken such a process, subject to the Authority being satisfied that the process was fair and robust and that the expenditure represents good value in the use of public money.

Pre-Estimate

7. Before any procurement is begun the Chief Executive must estimate the value of the contract.

8. Hire of Goods or Services for an Indeterminate Period

(a) In the case of contracts for:

- (i) the hire of goods for an indeterminate period; or
- (ii) the provision of services for a period in excess of four years or for an indeterminate period;

the estimated value of the contract for these Standing Orders must be the estimated monthly costs multiplied by 48 or, where monthly costs are inapplicable, the estimated annual cost multiplied by four.

(b) In the case of contracts for the supply of goods (except for a hire in accordance with paragraph 8.(a)(i)) over a period of time where the Authority enters into a series of contracts or a renewable contract, the estimated value of the contract is either:

- (i) the aggregate value of similar contracts over the previous 12 months (adjusted for any known changes in demand);
- (ii) the estimated value of similar contracts over the next 12 months;
or

(iii) if the contract is for a definite term of more than 12 months, the estimated value for the period of the contract.

(c) For all supplies, services and works not covered by paragraphs 8.(a) or 8.(b), the estimated value for the purpose of these Standing Orders must be the total estimated value of the supplies, services or works to be supplied over the period covered by the contract.

(d) In the event that the contract estimate is incorrect and quotations are received which would have resulted in a different procurement process being applied, the procurement process should either be re-run following the appropriate process, or a Waiver of Standing Orders be completed, depending upon circumstances.

Contracts below £5,000

9. Where the estimated value of a contract is below £5,000, it is good practice but not mandatory to obtain more than one quotation.

Contracts of £5,000 and Above

10. Award and Evaluation Criterion

(a) Before any quotations or tenders are sought where the estimated value of the contract is £5,000 or above, the Chief Executive must decide and record the award criterion to be used when the quotations or tenders are received. This must be either:

(i) the lowest price (where the Authority is to pay the supplier); or

(ii) the highest price (where the supplier is to pay the Authority); or

(iii) the most economically advantageous quotation or tender.

(b) If the chosen award criterion is the 'most economically advantageous,' the Chief Executive must then decide and record in a list the evaluation criteria (in descending order of significance) upon which the quotations or tenders will be so evaluated. At least 50% of the award criterion should be based on the price for the product or service. The award criteria should be weighted by percentage, and displayed in a grid, as set out in the following example.

Award Criteria	Weighting
Price	50%
Technical specification/expertise	20%
Trade references	10%
Timescale for completion of work	10%
Maintenance costs	10%
Total	100%

NOTE: The above is an example only. Tenders must be drawn up carefully having regard to the needs of the particular project. Where appropriate it is helpful to provide further guidance on how each of the award criteria will be evaluated, to minimise as far as possible the element of subjectivity in the process.

- (c) The Chief Executive must notify all those invited to submit quotations or tenders which award criterion is being used in the case of the contract in question and, where applicable, the evaluation criteria.
- (d) For contracts below £25,000 the quotation which best meets the award criterion must be accepted except where otherwise agreed in writing by the Chief Executive or a Director, stating why the quotation which best meets the award criterion has not been accepted.
- (e) In such cases this will be reported to the Broads Authority or appropriate committee as an exception to Standing Orders.

Contracts Between £5,000 and £25,000

11. Quotations

Where the estimated value of the contract is between £5,000 and £25,000 inclusive the Chief Executive must, unless impracticable, invite at least three written quotations.

Contracts Above £25,000

12. Tenders

- (a) Where the estimated value of a contract exceeds £25,000, and in any other cases where the Authority or the appropriate committee determines, tenders must be invited in accordance with either one of Standing Order 13, 14 or 15.
- (b) In cases where the Authority does not intend to comply with one of Standing Order 13, 14 or 15, prior approval must be sought from the Authority or appropriate committee, or the Chief Executive in conjunction with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee, setting out the reasons why it is not considered necessary or appropriate to comply with one of these Standing Orders on this occasion.

13. Open Tendering

- (a) This Standing Order applies where the tenders for a contract are to be obtained by open competition.
- (b) At least 14 days public notice must be given in:

- (i) one or more [relevant professional or trade list/source, where this is not available in the](#) local newspapers; and
 - (ii) wherever the estimated value of the contract exceeds £100,000, in one or more newspapers or journals circulating among persons or bodies who undertake such contracts.
- (c) The notice must state what the contract is for and where further details may be obtained, invite tenders for its execution and state the last date and time when tenders will be received.

14. Selective Tendering - Ad Hoc List

- (a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be made to some or all of those persons or bodies who have replied to a public notice.
- (b) Public notice must be given:
- (i) in at least one [relevant professional or trade list/source, or, where this is not available, in the](#) local newspaper; and
 - (ii) where the estimated amount or value of the contract exceeds £100,000, in at least one newspaper or journal circulating among such persons or bodies who undertake such contracts; and
 - (iii) at the discretion of the Authority or appropriate committee to all or a selected number of persons or bodies named in the list maintained under Standing Order 15.
- (c) The public notice must:
- (i) specify what the contract is for;
 - (ii) invite interested persons or bodies to apply for permission to tender; and
 - (iii) specify a time limit, of at least 14 days, within which such applications must be submitted to the Authority.
- (d) After the expiry of the period specified in the public notice invitations to tender for the contract must be sent to:
- (i) at least three of the persons or bodies who applied for permission to tender, selected by the Chief Executive;

- (ii) where fewer than three persons or bodies have applied or are considered suitable, those persons or bodies which the Chief Executive considers suitable.

15. Selective Tendering - Standing List

- (a) This Standing Order applies where the Authority or appropriate committee has decided that invitations to tender for a contract are to be limited to those persons or bodies whose names are included in a list compiled and maintained for that purpose.
- (b) This list must:
 - (i) be compiled and maintained by the Chief Executive;
 - (ii) contain the names of all persons or bodies who wish to be included and who are approved by the Authority or appropriate committee; and
 - (iii) indicate in respect of a person or body whose name is so included, the categories of contract and the maximum values or amounts in respect of those categories for which approval has been given.
- (c) At least four weeks before a list is first compiled, notices inviting applications for inclusion in it must be published:
 - (i) in at least one relevant professional or trade list/source, or, where this is not available, in the relevant professional or trade list/source, where this is not available in the local newspaper; and
 - (ii) in at least one newspaper or journal circulating among persons or bodies who undertake such contracts;and must state the purpose of the list.
- (d) The list must be amended as required from time to time and must be reviewed at intervals not exceeding three years. At least four weeks before each review, everyone on the list must be asked whether they wish to remain there and notices inviting new applications for inclusion in the list must be published in the manner provided by paragraph 15.(c) of this Standing Order.
- (e) At each review the list must be reported to the appropriate committee with particulars showing those invited to tender, those responding and those successful, since the last review.
- (f) Invitations to tender for a contract must be sent to:

- (i) at least three of those persons or bodies selected by the Chief Executive from among those approved for a contract of the relevant category and amount or value; or
- (ii) where fewer than three persons or bodies are approved for a contract of the relevant category and amount or value, all those persons or bodies.

16. Post-Tender Negotiations

- (a) The Chief Executive may (following the closing date for receipt of tenders but before acceptance of any tender) carry out post-tender negotiations to attempt to secure an improvement in the contract price or other conditions only in one or more of the following circumstances:
 - (i) where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) exceeds the estimated value of the contract;
 - (ii) where the Chief Executive considers that the price of the lowest tender submitted does not represent the best value for money that can reasonably be obtained;
 - (iii) where tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items; or
 - (iv) where the lowest submitted tender or the most economically advantageous tender (where this is the award criterion) contains conditions, trading terms, specification, performance, guarantees, or service delivery less favourable than in other tenders, or than stipulated for, and this defect appears capable of being remedied by post-tender negotiations.
- (b) In carrying out Post Tender Negotiations, the Authority shall follow the procedures set out in the Appendix to these Standing Orders.

Tenders

17. Invitations to Tenders

- (a) Every invitation to tender must specify the latest day and hour and the place appointed by the Chief Executive for the receipt of tenders and must state the effect of Standing Order 18.
- (b) On receipt, envelopes containing tenders must be date and time stamped and kept by the Chief Executive until they are opened.
- (c) The invitation to tender should make clear that:

- (i) tenders may be submitted electronically, on a CD or other appropriate media posted to the Authority in the supplied tender envelopes; and
- (ii) tenders submitted by email are not encouraged and will be accepted only when sent exclusively to finance@broads-authority.gov.uk with the subject clearly indicating that they are for the attention of the Head of Finance, the name of the tender and the closing date and time. Any tenders not conforming to these requirements, or sent to an alternative email address, will be invalidated.

18. Invalid Tenders

- (a) An invalid tender must not be accepted, unless otherwise agreed by the Authority or appropriate committee, or by the Chief Executive in conjunction with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (b) A tender will only be valid if it has been delivered to the place appointed by the Chief Executive not later than the appointed day and hour sealed in the pre-printed envelope provided by the Authority for this purpose.
- (c) A tender will not be valid if the envelope bears any name or mark indicating the sender.

19. Opening of Tenders

- (a) Tenders received under one of Standing Order 13, 14 or 15 must be opened at the same time and only in the presence of at least two officers of the Authority designated for the purpose by the Chief Executive, one of whom must be the Director of Planning and Resources, Head of Finance or Financial Accountant. The officers present at the opening must sign and date a summary of tenders received.
- (b) Any tender received at the appointed place later than the day and hour specified under Standing Order 17 may be opened and recorded on the summary of tenders stating the circumstances. The tender must be rejected unless it is subsequently approved by the appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (c) The Head of Finance must retain all tenders received, including any invalid tenders, and their envelopes for a period of two years from the return date. The accepted tender must be retained for six years after the final contract payment.

- (d) Any tender opened in error before the date and time set for opening tenders shall be immediately resealed and a record made of the event signed by the Director of Planning and Resources and Head of Finance in the Register of Tenders held by the Head of Finance.
- (e) If it is necessary to extend the date for receiving tenders, this shall be recorded by the Director of Planning and Resources and Head of Finance in the Register of Tenders, setting out the reason for extending the deadline.
- (f) Any tender documents which are received electronically shall be forwarded immediately to the Head of Finance, who will make arrangements for a copy of the tender to be printed by the officer designated to open the tender under Standing Order 19.(a) (either the Director of Planning and Resources, Head of Finance or Financial Accountant). Tenders received electronically will be printed at the same time as the opening of any tenders received in paper form, signed as received, and the signed copy kept with those received by post.

20. Acceptance of Tenders

- (a) The Chief Executive may only accept the tender which best meets the award criteria except where otherwise agreed by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.
- (b) Acceptance of tenders must be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for that purpose.
- (c) The Chief Executive will on request inform the unsuccessful tenders of the name of the successful tenderer and (where practical) the amount of the tender accepted. Late tenderers will not be informed.

21. Errors or Discrepancies in Tenders

- (a) Where examination of tenders reveals errors or discrepancies which would affect the tender figure in an otherwise successful tender, the tenderer must be provided with written details of each error and discrepancy. The tenderer will be afforded the opportunity either:
 - to confirm in writing and accept the error if it is in the Authority's favour; or
 - to correct the error(s) and to revise the tender downwards. Any revisions must be confirmed in writing; or
 - to withdraw the tender. This must be confirmed in writing.

- (b) Tenders must not be revised upwards.
- (c) Errors and discrepancies in unsuccessful tenders must not be revised even if, after correction, they would make the tender successful.
- (d) If the tenderer withdraws, the next tender in competitive order is to be examined and then dealt with in the same way.
- (e) Any exception to this procedure may be authorised only by the Authority or appropriate committee, or the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

Contracts Exceeding the EU Threshold

22.If the estimated value of any contract is likely to exceed the relevant EU limit, then legal advice must be sought regarding the procedures which need to be followed in the letting of the contract.

23.A mandatory standstill period of 10 days applies to some procurements which are above the threshold for advertisement in the Official Journal of the EU. This has been introduced to allow unsuccessful bidders the chance to obtain more information on the award of the contract and take appropriate action if they believe they have been prejudiced by a breach of the rules, by applying to the courts to either have the contract set aside, or to be awarded damages.

NOTE: Until December 2015 the relevant thresholds are as follows (net of VAT):

- £4,322,012 for works contracts; and
- £172,514 for services (estimated over 48 months) and supplies contracts.

Framework Arrangements

24.A Framework Arrangement is a formal tendered arrangement which sets out terms and conditions under which specific purchases can be made throughout the term of the agreement, and supplies, services or works are procured from the successful tenderer in unpredicted quantities at various times during the period that the agreement is in force.

25.If at any time the Authority proposes to enter into a Framework Arrangement for the provision of goods or services, then legal advice must be sought in respect of the procedures which need to be followed in the awarding and letting of the contract.

Miscellaneous Matters

26.A register of all contracts over £25,000 placed by the Authority must be kept and maintained by the Head of Finance. For each contract the register must specify the name of the contractor, the works to be executed or the goods to

be supplied and the contract value. It must be open to inspection by any member of the Authority.

27. Financial Interests of Officers

The Chief Executive must record in the Register of Officers' Interests details of any notice given to the Authority by an officer under Section 117 of the Local Government Act 1972 of a financial interest in a contract. The Register must be open during office hours for inspection by any member of the Authority.

28. Supervision of Contracts by Third Parties

- (a) It must be a condition of any contract between the Authority and any person (not being an officer of the Authority) who is required to supervise a contract on behalf of the Authority that in relation to that contract the requirements of these Standing Orders must be complied with as if that person were the Chief Executive.
- (b) Such person must:
 - (i) at any time during the carrying out of the contract produce to the Chief Executive on request all records maintained in relation to that contract;
 - (ii) on completion of the contract transmit all records to the Chief Executive.

29. Nominated Sub-Contractors and Suppliers

Where a sub-contractor or supplier is to be nominated to a main contractor, the following rules apply:

- (a) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier does not exceed £25,000, quotations must be invited for the nomination in accordance with Standing Order 9 or 11 unless the Chief Executive considers in respect of any particular nomination that it is not reasonably practical to obtain competitive quotations.
- (b) Where the estimated amount of the sub-contract or the estimated value of the goods to be supplied by the nominated supplier exceeds £25,000, tenders must be invited in accordance with one of Standing Order 13, 14 or 15 unless the Authority or appropriate committee decides in respect of any particular nomination that it is not reasonably practicable to obtain competitive tenders.
- (c) Standing Orders 17 to 21 apply to tenders received under this Standing Order.

- (d) Sub-contractors or suppliers must send with their tender an undertaking that if they are selected they will
 - (i) be willing to enter into a contract with the main contractor; and
 - (ii) indemnify the main contractor in respect of the sub-contracted works or materials.
- (e) The Chief Executive must nominate to the main contractor the person whose quotation or tender best meets the award criterion. Where it is proposed to award the quotation or tender to a person whose quotation or tender does not best meet the award criterion, the circumstances must:
 - (i) in the case of quotations under paragraph 29.(a) above, be reported to the Authority or appropriate committee; or
 - (ii) in the case of tenders under paragraph 29.(b) above, be agreed, before any nomination is made, by the Authority or appropriate committee or, in cases of emergency, by the Chief Executive in consultation with the Chairman (or in the Chairman's absence Vice-Chairman) of the Authority or appropriate committee.

30. Contract Conditions

- (a) Every contract which exceeds £5,000 in value or amount must:
 - (i) be in writing and signed by the Chief Executive or an officer designated by the Chief Executive for the purpose;
 - (ii) specify the goods, materials or services to be supplied and the work to be executed, the price to be paid together with a statement as to the amount of any discounts or other deductions, the periods within which the contract is to be performed and such other conditions and terms as may be agreed between the parties; and
 - (iii) in appropriate cases, where a contract exceeds £100,000 in amount or value, provide for the payment of liquidated damages by the contractor for failure to complete the contract within the time specified;
 - (iv) include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the Authority signed by the Chief Executive;
 - (v) where applicable, require the contractor to indemnify the Authority against claims in respect of employers' liability and/or

public liability. The amount normally required for public liability insurance cover is £5,000,000;

(vi) where applicable, for example where professional advice is being given, require the contractor to indemnify the Authority against claims in respect of matters relating to the advice or service provided. The amount normally required for professional indemnity insurance is £5,000,000;

(vii) where appropriate include a clause giving tenderers the opportunity to state how much the required insurance would cost if they do not have it already in place. This must then be added to the cost of the tender;

(viii) state that all goods, materials and work must comply with any relevant British Standards Specification or Code of Practice in force at the date of the quotation or tender;

(ix) state that the Authority can cancel the contract and recover any resulting losses if the contractor or the contractor's employees or agents, with or without the contractor's knowledge:

- does any thing improper to influence the Authority to give the contractor the contract; or
- commits an offence under the Prevention of Corruptions Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972.

(b) Where it is considered that the total amounts of insurance, as set out in paragraphs 30.(v) and 30.(vi), are not considered to be appropriate or necessary, the Chief Executive may approve deviations to this figure.

(c) It is good practice to ask tenderers for a certified copy of the public liability and / or professional indemnity insurance, especially from new or unknown contractors.

(d) Every contract over £100,000 must be under seal.

(e) The Authority may also require a contractor to give sufficient security for completing the contract.

31. VAT

All the financial limits contained within these Standing Orders exclude VAT where it is payable.

32. Review

The Authority will review these Standing Orders at intervals not exceeding three years.

33. Interpretation

In these Standing Orders, unless the context otherwise requires:

- (a) “appropriate committee” means the committee or sub-committee to which the power to make the contract has been delegated;
- (b) “most economically advantageous” normally means the lowest if payment is to be made by the Authority and the highest if payment is to be made to the Authority, but should also take into account quality and other measures, which will be set out in the evaluation criteria and which should be specified in advance of the contract evaluation. In such cases the method of scoring such measures and the weighting of evaluation will be clearly set out in the contract specification.
- (c) “Person” includes a partnership, body corporate or unincorporated association.

NOTE: All references to the Chief Executive in this document apply to that person and his / her nominated representative, who are the Treasurer and Financial Adviser, Director of Planning and Resources and Head of Finance, and any other officers who are authorised to act in particular circumstances in accordance with the Powers Delegated to the Chief Executive – Arrangements for the Exercise of Powers by Other Officers.

July 2013 [\(as amended in May 2015\)](#)

APPENDIX

Post Tender Negotiations

Procedural Rules

1. In Post Tender Negotiations carried out under Standing Order 16:
 - (a) Where price is the award criterion the tenderers submitting the lowest tender and all those the value of which is within 5% of the lowest tender or, if there is no such tender, the tenderer submitting the second lowest, may be invited to participate in Post Tender Negotiations.
 - (b) Where the most economically advantageous tender is the award criterion the tenderers submitting the most economically advantageous tender and the second most economically advantageous tender may be invited to participate in Post Tender Negotiations.
2. Post Tender Negotiations may only be authorised by the Chief Executive. In the case of contracts with an estimated value exceeding £25,000 the Chief Executive must also consult the Solicitor who must thereafter be notified of the time and venue of all negotiations carried out and who will be entitled to be represented at any such negotiations.
3. In the case of all Post Tender Negotiations the senior officer carrying out the negotiations must record in writing the objective to be secured by such negotiations and forward a copy of this record to the Head of Finance and, for contracts with an estimated value exceeding £25,000, the Solicitor.
4. Unless other arrangements are specifically agreed by the Chief Executive, all negotiations must take place at the Authority's premises with both the tenderer and the relevant officers of the Authority present.
5. During negotiations with the tenderer there must always be present at least two officers of the Authority.
6. A note of the negotiations will be made by one of the officers present recording those present, the time and location of the negotiations, details of the discussion and any agreement reached. The note shall be signed by all officers present and will be kept on file with a copy sent to the Head of Finance and, for all contracts with an estimated value exceeding £25,000, the Solicitor.
7. At no time must a tenderer be informed of the detail of any other tender submitted or as to whether or not the tender submitted was the lowest or the most economically advantageous tender (where this is the award criterion).
8. Acceptance of tenders following Post Tender Negotiations must be in accordance with Standing Orders except that the Chief Executive must also

inform the Solicitor of the name of the successful tenderer and of the tender price regardless of the estimated value of the contract.

9. The Head of Finance will maintain a record of all post tender negotiations relating to contracts with an estimated value in excess of £25,000. This record must show the date of the tender, the date of any Post Tender Negotiations, the names of tenderers involved in negotiations, the original price, the revised price, the revised specification, the names of the officers involved and details of the contract awarded.
10. Legal advice should be sought where the officer dealing with this matter is under any uncertainty regarding the procedure to be followed.