MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	**AUTHORITY**		
DATE:	**25 MAY 2017**	**REPORT NO:**	**CFO/026/17**
PRESENTING OFFICER	**JANET HENSHAW**		
RESPONSIBLE OFFICER:	**JANET HENSHAW**	**REPORT AUTHOR:**	**SHARON MATTHEWS**
OFFICERS CONSULTED:	**STRATEGIC MANAGEMENT GROUP**		
TITLE OF REPORT:	**APPROVED EXEMPTIONS TO CONTRACT STANDING ORDERS 2016/17**		

APPENDICES:	**APPENDIX A: TABLE OF EXEMPTIONS**

Purpose of Report

1. To advise Members of approved exemptions to Contract Standing Orders for the period 2016/17.

Recommendation

2. That Members note the contents of the report

Introduction and Background

3. Contract Standing Orders form part of the Authority's Constitution. The Constitution provides a framework for managing the Authority's financial affairs and procedures for Contracts Standing Orders and apply to every Member and Officer of the Authority.

4. Within Contract Standing Orders there is a requirement to keep a register of approved exemptions.

5. Exemptions to the contract procedures are permitted where it can be proven that it is inefficient or uneconomic to comply with the requirements detailed in Contract Standing Orders. Examples of where exemptions are permitted are as follows:

- The Goods, Works or Services are unique and provided by only one organisation with no reasonably satisfactory alternatives available.

- The procurement involves the purchase of proprietary or patented Goods or Services obtainable from one firm; are sold at a fixed price and no reasonably satisfactory alternative is available.
- The Goods, Works or Services constitute an extension of an existing contract which is allowed within the contract terms, or the

Goods/Materials, Works or Services consist of repairs to, or the supply of parts for, existing proprietary plant or equipment and/or where the initial contract value or specification is not fundamentally changed or increased.

- That new Works or Services are required which are a repetition of Works or Services carried out under an original contract.

- That Goods are required as a partial replacement for, or addition to, existing Goods or installations and obtaining them from another source would result in issues with compatibility or disproportionate technical difficulties in operation or maintenance.

- Tenders are invited on behalf of any consortium or collaboration, of which MFRA is an identified member, in accordance with any method adopted by that body. Where however, an MFRA officer invites tenders on behalf of the consortium the receipt, opening and acceptance of tenders must comply with the MFRA Financial Regulations and Financial Procedure Rules or any overriding National or European Union legislation.

- The Goods, Works or Services are of a sensitive nature (such as security) where publication of the tender documents would constitute a security breach and undermine the effectiveness of the final product.

6. No exemptions can be granted which would result in a breach of European or UK law.

7. This report provides the detail in respect of all approved exemption requested for the period 01.04.16 – 31.03.17.

8. A total of 101 exemptions with a combined value of £1,132.066.20 were approved in this period.

9. Table 1 below summarises the main reasons for these approvals, with a detail analysis at Appendix A.

Table 1

Reason for exemption	Cumulative value of exemptions (£)
Contract extension beyond original scope	£229,675.00
Direct award (no reasonable alternatives available)	£676,203.44
New works or services which are a repetition under an original contract	£23,074.78
Other	£141,873.00
Partial replacement of addition to existing goods or installation	£55,740.00
Proprietary or patented goods	£5,500.00

10. An analysis of the data identifies which areas of the business had exemption requests approved in the period (Table 2 refers).

Table 2

Department	Number of approved exemptions
0026 : Training & Development Academy	6
0060 : Operational Preparedness	1
0061 : Ops Appliances & Equipment Stores	4
0063 : Ops Planning	2
0076 : Estates	6
0085 : Information Technology	1
0086 : Workshops	23
0087 : Water Section	1
0093 : Corporate Communications	2
0100 : Stores FSHQ	1
0110 : Finance Departments	1
0104 : Community Prevention	1
0111 : People and Organisational Development	1
0116 : Occupational Health	2
0117 : Strategy and Performance	2
0121 : Operational Response	1
0127 : Organisational Development	12
0131 : Insurance	1
0133 : Fire Support Network	1
0137 : Princes Trust	1
0147 : National Resilience Assurance	1
0185 : Community Prevention Youth Activity	1
0189 : National SOP Team	1
0190 : Catering	6
0209 : Legal	1
0221 : National Resilience (in house)	2
0232 : TDA Commercial	1
0244 : Firelink	1
0278 : National Resilience (asset refresh)	2
1020 : Democratic Representation	1
2001 : National Resilience (asset refresh admin)	2
2003 : National Resilience HVP	4
2008 : National Resilience ISAR	6
2010 : National Resilience – EU Exercise	2

11. With respect to the areas with the highest number of approved exemptions, Procurement are working with departments to reduce these over the forthcoming 12 months. Members should note however that the figures for this year represent a slight improvement on last year.

12. Workshops have a particularly high number of approved exemptions for 16/17: Members can be reassured that a sourcing strategy and project timetable have already been devised to ensure this number is reduced in 17/18. This will be a phased project which will take account of the complexities of current stock holding arrangements, resource availability and the requirement to ensure the ability of Workshops to service vehicles is not compromised.

13. The Organisational Development Department also has a relatively high number of approved exemptions for the reporting period. This is in part because a new national framework contract for training has not yet been let, necessitating local arrangements to be put in place. Procurement are currently working with Organisational Development to tender for some training requirements. This will reduce the number of exemption requests in 17/18.

Equality and Diversity Implications

14. No equality and diversity implications have been identified, therefore no Equality Impact Assessment has been completed.

Staff Implications

15. There are no direct staff implications arising from this report.

Legal Implications

16. Exemption requests may only be considered by Officers where it is allowed within the framework of the Authority's Constitution, the Public Contracts Regulations (2015) and European law (Public Contracts Directive 2014/24/EU).

Financial Implications & Value for Money

17. There are no direct financial implications arising from this report. Officers scrutinise each exemption request before approval is given by the Head of Procurement, Director of Legal, Procurement and Democratic Services and a Principal Officer.

18. Section 3 of Contract Standing Orders state this approval must be given prior to any commitment being given by the Authority to any supplier, thereby safeguarding the Authority's monies.

Risk Management, Health & Safety, and Environmental Implications

19. No risk management, health and safety or environmental implications have been identified.

Contribution to Our Mission: *Safer Stronger Communities – Safe Effective Firefighters*

20. Effective financial and commercial processes, including the exemptions procedure support our mission by ensuring that funds are spent compliantly and appropriately.

BACKGROUND PAPERS

NONE

GLOSSARY OF TERMS

NONE