



**Title:** **Proposed Update to Council's Contract Procedure Rules (CPR's)**

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Transformation / Section 151 Officer)**

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**1. Introduction**

As part of the Internal Audit recommendations brought to this Committee to review and update the Contract Procedure Rules (CPR's), this report summarises the review of the rules, which were last updated in 2013, and attaches the revised CPR's.

**2. Recommendation(s)**

That Member recommend to Council the content of the updated Contract Procedure Rules and note the key aspects of the rules outlined in this covering report.

**3. Information**

- 3.1. As part of our Internal Audit programme of work, one key recommendation is that the Council should review and update the CPR's as they were complex and had not been reviewed since 2013.
- 3.2. The review of the rules was carried out by the Section 151 Officer and a new, easier-to-follow set of rules has been produced following the basis of best practice within procurement for Local Authorities.
- 3.3. This covering report outlines each of the sections of the rules and the key points contained within them.

**4. Summary**

- 4.1. These Contract Procedure Rules (issued in accordance with section 135 of the 1972 Local Government Act) are intended to promote good purchasing practice and public accountability and deter corruption. They are in line with the CIPFA/Local Government Task Force Contract Procedure Rules published 2006. Following the rules is the best defence against allegations that a purchase has been made incorrectly or fraudulently.
- 4.2. Officers responsible for purchasing or disposal must comply with these contract procedure rules. They lay down minimum requirements and a more thorough procedure may be appropriate for a particular contract.
- 4.3. Officers should:
  - Follow the rules if you purchase goods or services or order building work;
  - Take all necessary legal, financial and professional advice at the appropriate time;
  - Declare any personal financial interest in a contract. Corruption is a criminal offence;
  - Conduct a management review to appraise the purchasing need;
  - Check whether there is an existing Corporate Contract you can make use of before

- undergoing a competitive process;
- Normally allow at least four weeks for submission of bids;
- Keep bids confidential;
- Complete a written contract or council purchase order before the supply or works begin;
- Identify a contract manager with responsibility for ensuring the contract delivers as intended;
- Keep records of dealings with suppliers; and
- Assess each contract afterwards to see how well it met the purchasing need and Value for Money requirements.

## 5. Section One

Section One of the rules outlines the basic principles of purchasing and disposals, expecting that they must achieve best value for public money spent, have the highest standards of integrity and comply with all legal requirements. This section also outlines officer responsibilities, including specific responsibilities relating to Chief Officers. Section One also goes into detail regarding exemptions, collaborative arrangements and e-procurement.

## 6. Section Two

Section Two focuses on the common requirements when it comes to procurement, including what steps should be taken prior to making a purchase. These are very much around common sense (i.e. appraise the purchase, is it needed? Does it meet the organisations objectives etc...). This section also details (explicitly) what records need to be kept, when, by whom and for how long. The final aspect of this section details how and when to advertise, when approved lists can be used and the potential use of framework agreements.

## 7. Section Three

Section Three is about how we go through the procurement. There is a clear table for Officers to follow in paragraph 8.1.1 (see below), laying out the basic requirements for making a purchase/procuring a contract or works. It should be noted that the majority of purchases made would fall into the first two categories.

<b>Total Value</b>	<b>Award Procedure</b>	<b>Shortlisting</b>
<b>Up to £3,000</b>	One oral Quotation (confirmed in writing where the Total Value exceeds £500)	Budget Holder
<b>£3,001-£50,000</b>	Three written Quotations	Budget Holder and Chief Officer
<b>£50,001–£EU-Threshold</b>	Invitation to Tender to at least three and no more than six Candidates	Budget Holder and Chief Officer
<b>Above EU Threshold</b>	EU Procedure or, where this does not apply, Invitation to Tender by advertisement/list to at least four and no more than six Candidates	Consult the Chief Financial Officer see Rule 8.1.4

The policy does not give a specific value for EU Threshold, given the fluctuating exchange rate. The value for EU Threshold will be confirmed at the time of inception of procurement.

This section then runs through each of the steps that officers need to carry out, dependant on the value of the purchase – ranging from how to carry out market research, how to generate awards criteria, short-listing, awarding and so on.

## **8. Section Four**

Should there be a need for a contract, section four details how and what needs to be included in any contract. For example, all contracts must clearly specify:

- what is to be supplied (i.e. the works, materials, services, matters or things to be furnished, had or done);
- the provisions for payment (i.e. the price to be paid and when);
- the time, or times, within which the contract is to be performed;
- the provisions for the council to terminate the contract; and
- Duration of the contract, in particular an end date.

This section also reflects upon the need to prevent corruption and a clear policy on declarations of interest.

## **9. Section Five**

This section explains the requirements of managing contracts, should the need arise for a contract, including how to risk assess, plan for contingencies, monitoring, evaluation and review.

## **10. New Developments**

Whilst drawing up the new Contract Procedure Rules, recommendations from the LGA and Internal Audit were taking into account, particularly relating to programme management. As part of these new rules, a Contract Management Board will be created to monitor all current and prospective contracts going forward, and also a new contract register. It is hoped that as the council progresses and develops, additional resource will be allocated to aid in the management and support for corporate procurement.

### **Background Documents:**

Local Government Act 1972

Appendix 1 – Draft Contract Procedure Rules 2017

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<b>Implications</b>   Proposed Update to the Council's Contract Procedure Rules (CPR's)	
<b>Finance</b>	The financial implications are as set out in the report.
<b>Stephen Hinds</b> (Director of Finance & Transformation / Section 151 Officer)	
<b>Legal</b>	The updated CPR's will mitigate against any challenge to the review of contracts.
<b>Dave Gill</b> (Deputy Monitoring Officer)	
<b>Corporate Risk(s) (CR)</b>	<input checked="" type="checkbox"/> <b>Regulatory Governance (CR6)</b>  <b>Other Corporate Risk(s)</b> Internal Audit is a key component of the Council's internal control framework. Outcomes of all internal audit reviews will be considered in the context of the strategic risk register.
<b>Stephen Hinds</b> (Director of Finance & Transformation / Section 151 Officer)	
<b>Corporate Priorities (CP)</b>	<input checked="" type="checkbox"/> <b>Effective Service Provision (CP2)</b>
<b>Stephen Hinds</b> (Director of Finance & Transformation / Section 151 Officer)	
<b>Vision &amp; Values (V)</b>	<input checked="" type="checkbox"/> <b>Accountability (V1)</b> <input checked="" type="checkbox"/> <b>Teamwork (V3)</b> <input checked="" type="checkbox"/> <b>Innovation (V4)</b> <input checked="" type="checkbox"/> <b>Customer Focus (V5)</b>
<b>Stephen Hinds</b> (Director of Finance & Transformation / Section 151 Officer)	
<b>Equalities &amp; Equality Assessment(s) (EA)</b>	There are no equalities implications.
<b>Stephen Hinds</b> (Director of Finance & Transformation / Section 151 Officer)	<input checked="" type="checkbox"/> <b>Not Applicable (EA)</b>