

AUDIT COMMITTEE

Contract Procedure Rules 23rd January 2013

Report of Head of Resources

PURPOSE OF REPORT

To seek Members' approval for a revised set of corporate Contract Procedure Rules.

This report is public

RECOMMENDATIONS

(1) That the draft Contract Procedure Rules are approved.

(2) Background

1.1 The Audit Committee's Terms of Reference include "To consider and approve amendments to the Council's Financial Regulations and Contract Procedure Rules (§ 8.16).

1.2 The Council's current Contract Procedure Rules were adopted in February 2005 and were last updated in May 2010. Since their introduction, there have been many changes both to the structure and operational management of the Council and to the environment in which it conducts its procurement activities. A fundamental review and revision of the Rules has therefore become due.

2.0 Review

2.1 Efficient and effective procurement and contract management arrangements play an important role across the full range of the Council's activities and are necessary to enable achievement of the Council's Vision and Priorities, as set out in the Corporate Plan. The significance of these arrangements are particularly reflected in the "Key Themes" included in the Corporate Plan as underpinning the priorities, that is to say;

- Working together in partnership;
- Managing the Council's resources;
- Environmental sustainability.

2.2 In promoting these themes, the over-riding concern in setting these Rules is that they promote and enable the achievement of Value For Money throughout the Council's procurement activities. A key objective of the review has been to develop a modern set of Contract Procedure Rules which fit the Council's procurement activities and needs and enable it to make best use of the procurement methods and arrangements available.

3.0 Key Features

3.1 The key changes in the proposed Rules are:

a) Financial thresholds:

It is proposed to increase the threshold for high value procurements requiring a tendering procedure from £50,000 to £100,000. Intermediate value procurements from £10,000 to £100,000 will require three written competitive quotations. Details are given in section 4, on page 9 of the Rules.

b) Selection of procurement route:

Given the increased emphasis on shared service and other partnership and collaborative arrangements, extra emphasis is placed on the use of existing service delivery arrangements and internal provision wherever possible. These changes are particularly incorporated in paragraphs 2.2.2, 3.2, and sections 6, 8 and 11.

c) New and emerging procurement methods:

The rules have been updated to incorporate new and developing procurement methods and tools, including e-procurement, and corporate payment cards. Given the nature of the function and the financial pressures on public bodies, procurement routes and methods will continue to develop. It is recognised that the rules will need regular review to ensure they remain current and up-to-date and it is proposed that this is done on an annual basis.

d) Roles and responsibilities:

Throughout the document, the Rules are more explicit than previously concerning the roles and responsibilities of individuals. This is intended to make the Rules more meaningful and useful to employees in their day-to-day procurement activities. This is supported by inclusion of a detailed glossary of definitions.

3.2 The Rules are designed to establish the fundamental controls and framework for procurement and they will be accompanied by more detailed guidance in specific areas. Once the revised Rules are adopted, it is planned to deliver a programme of training and induction and to redesign and update the information and guidance provided via the Intranet.

4.0 Details of Consultation

4.1 The draft Rules have been developed through consultation with Service Heads and their senior managers.

5.0 Options and Options Analysis (including risk assessment)

5.1 Three options are identified as available to the Committee, being:

- A. to approve the proposed Contract Procedure Rules as presented;
- B. to approve the proposed Rules with changes;
- C. not to approve the proposed Rules.

Option	Advantages	Disadvantages	Risks
A. Approve the proposed Rules; and B. Approve the proposed Rules, with changes	The revised rules are modern and reflect the Council's current procurement environment/needs Provides an opportunity to raise understanding and efficiency/effectiveness of procurement activities	Resources required to implement the revised Rules. Will take time for new Rules to be fully adopted/implemented	Potential for misunderstanding and mistakes until Rules are fully adopted. (Low impact)
C Do not approve the proposed Rules	Retains the status quo – avoids resource implications of implementation	The current Rules are out of date regarding the Council's current management structure. They are also dated and incomplete as regards a number of current procurement practices / methods. Staff may not be familiar with full range of procurement methods and opportunities.	Confusion over roles and responsibilities may lead to mistakes. May be wasteful and miss out on opportunities to obtain best VFM. May affect contribution to Council Vision and Priorities (Med/High impact)

5.2 The officer preferred option is A – for the Contract Procedure Rules to be approved as proposed. Implementation of the new Rules will be covered by existing resources with the Procurement function within Resources (Financial Services). The Procurement Manager and Procurement Assistant provide the corporate resource to support Services in managing their procurement activity.

6.0 Conclusion

6.1 An update of the Council's Contract Procedure Rules is timely to ensure they remain current and in tune with modern procurement practices and continue to make an effective contribution to the Council's vision and priorities.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Not applicable

FINANCIAL IMPLICATIONS

Staff resources will be required to manage the implementation of new Contract Procedure Rules. This is essentially a role for the Procurement function within Resources (Financial Services) and can be met from existing resources with no additional cost.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

None directly arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

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