

AUDIT COMMITTEE]

Revision of Contract Procedure Rules 25 November 2020

Report of Head of Financial Services

PURPOSE OF REPORT

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

This report is public.

RECOMMENDATIONS

- (1) That the Committee consider and endorse the revisions to the Council's Contract Procedure Rules.**

1.0 Introduction

- 1.1 The Audit Committee's Terms of Reference include "To consider and endorse amendments to the Council's Financial Regulations and Contract Procedure Rules'. Lancaster City Council Constitution (Part 2 section 5 para 6.12)
- 1.2 The Council's current Contract Procedure Rules were adopted in January 2013. 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 and was given as an action within the recently adopted Procurement Strategy.

2.0 Proposal Details

- 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 ambition to deliver Social Value – Environmental, local Wealth-Building and Economic benefits to the district. The significance of these ambitions is reflected throughout the document.
- 2.2 A key objective of the review has been to develop a modern set of Contract Procedure Rules which fit the Councils Management structure and the changes made to the Constitution in 2019. Therefore, the following key changes are proposed.
- a. Financial thresholds
Thresholds have been changed to replicate the delegated authority within the constitution.

b. Procurement Methods

The use of the corporate supplier portal for the issuing and receiving of requests for quotation or invitation to tender has been made mandatory, this should assist in the publication of the contracts register and the completion of regulatory award notices.

c. Roles and Responsibilities

Throughout the document the titles of specific officers or groups of officers have been changed to reflect the current management structure.

2.3 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 with particular attention to Social Value. 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.

2.4 The revised Contract Procedure Rules are attached to this report at Appendix A

3.0 Details of Consultation

3.1 The revised Rules have been developed and Senior Officers and Members have been invited to comment. Comments received have been addressed in the current revision.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Approve the proposed Contract Procedure Rules as presented	Option 2: To approve the proposed Rules with changes	Option 3: Do nothing
Advantages	Aligns with the Constitution, Council Priorities and Themes, gives officers clear instruction on procedures to be followed and supports the Council's desire to achieve Social Value through Procurement. Provides an opportunity to raise understanding of procurement activities.		Officers generally have an overview of the current rules avoids resource implications of implementation.
Disadvantages	Resources will be required to deliver training material to launch new CPR's Will take time for new rules to be fully adopted/implemented.		The 2013 version of the CPR's is out of date and not aligned to the current management structure, Constitution and there is conflict between the two documents. There would be the missed opportunity to support the Corporate Procurement Strategy and deliver on the Councils Priorities and Themes
Risks	Potential for misunderstanding and mistakes until rules are fully adopted (low impact)		Confusion over roles and responsibilities may lead to mistakes. The opportunity to obtain social Value through procurement would not be endorsed.

5.0 Officer Preferred Option (and comments)

- 5.1 The officer preferred option is 1 – for the revised Contract Procedure Rules to be approved as proposed. Implementation of the new Rules will be covered by existing resources within the Procurement function within 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 A revised and 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 of delivering Environmental. Local wealth-building and economic benefits to the district.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

None

LEGAL IMPLICATIONS

Legal have been consulted and approve the form of the Contract Procedure Rules. Whilst officers understand that any legislative changes to the public procurement regime as a result of Public Procurement (Amendment etc) (EU Exit) Regulations 2019 will not have any significant effect upon the current procurement regime following the end of the transition period on 31 December 2020, they recommend the Contract Procedure Rules are kept under review if further legislation is subsequently brought in.

FINANCIAL IMPLICATIONS

The delivering of the new rules comes with no direct financial impact however it will create a training capacity for their introduction. This cost is expected to be minimal and can be managed from within existing budgets.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

None directly from this report

SECTION 151 OFFICER'S COMMENTS

The Council's current Contract Procedure Rules (CPR's) were last updated in January 2013. Since this time 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. The updating of the CPR's is overdue and now better supports the Council's ambition to deliver Social Value – Environmental, local Wealth-Building and Economic benefits to the district.

MONITORING OFFICER'S COMMENTS

Amendments to the Contract Procedure Rules fall within the Terms of Reference of this Committee. The Monitoring Officer will update the Constitution to reflect any changes made.

BACKGROUND PAPERS

Appendix A Contract Procedure Rules 2020

Contact Officer: Helen McMahon

Telephone: 01524 582122

Email: hcmahon@lancaster.gov.uk