

# **AUDIT COMMITTEE**

## **Update and amendments to the Council's Contract Procedure Rules 19<sup>th</sup> November 2025**

### **Report of the Monitoring Officer**

#### **PURPOSE OF REPORT**

This report seeks approval of amendments to the Contract Procedure Rules

**This report is public**

#### **RECOMMENDATIONS**

**The Audit Committee is recommended to:**

- (1) Approve the proposed changes to the Contract Procedure Rules.

##### **1.0 Introduction**

- 1.1 The Contract Procedure Rules (CPRs) are set out in Part 3 of the Council's Constitution and must be regularly reviewed and updated as part of the Council's governance process. This contributes to the Council's system of effective internal control.
- 1.2 The CPRs are intended to promote good procurement practice, public accountability and to deter corruption.
- 1.3 The proposed amendments reflect a proportionate approach to the Council's social value requirements for procurements and will allow officers to utilise frameworks for all procurements if appropriate.
- 1.4 The proposed amendments to the CPRs are set out in tracked changes at Appendix 1

##### **2.0 Proposal**

- 2.1 Presently all tenders for contracts which are valued over £100k have to include social value as one of their evaluation criteria.
- 2.2 When assessing social value through the Social Value Portal, regard is had to what social value outcomes can be achieved during the length that the contract will be in place.
- 2.3 If a contract has a short lifespan eg: a one off supply of goods, construction works for a few weeks/ couple of months or delivery of consultancy services

for a few months then either no (or exceptionally limited) social value outcomes will be generated during that contract.

- 2.4 The Council still however ask bidders to make a submission on the Social Value Portal for their (lack of) potential outcomes to be assessed.
- 2.5 Social Value commitments are assessed with regard to quarterly reporting from suppliers but the Council is still asking suppliers to make a submission as part of a tender bid even though the contract is going to be of a length which won't even reach the first quarter.
- 2.6 This therefore appears to be an unnecessary exercise on short term contracts of any value and likely to put off SMEs who would otherwise want to bid for those contracts.
- 2.7 During a recent meeting between officers and the Social Value Portal, the Social Value Portal stated that, for other public bodies, they had limited the requirement for carrying out social value assessments to those contracts which have a duration of over 12 months.
- 2.8 Officers are of the opinion that adopting this approach would seem the most proportionate way to achieve social value through the most appropriate tenders and also address a way of removing a barrier to tendering by SMEs who already have limited resources to put towards the tendering process.
- 2.9 In addition the CPR's are to be amended to make it clear that use of frameworks are also permissible for higher value tenders.

### **3.0 Details of Consultation**

- 3.1 The proposed changes have been recommended by the Social Value Portal are supported by procurement.

### **4.0 Options and Options Analysis (including risk assessment)**

	<b>Option 1: Update the CPRs</b>	<b>Option 2: Do not update the CPRs</b>
Advantages	Removes barriers to tendering from SME's Promotes good governance	None
Disadvantages	None	Could be a barrier to SME's due to administrative burden
Risks	None	Not attracting SME's to tender for works

## 5.0 Officer Preferred Option (and comments)

5.1 Option 1 is preferred for the reasons outlined in the report.

## 6.0 Conclusion

6.1 The effect of these changes will be to reduce the burden on bidders and social value will continue to be assessed on those contracts which have a duration of more than 12 months (where it is appropriate to monitor outcomes).

6.2 It is still compliant with the National Procurement Policy Note on Social Value (which local authorities must have regard to) as the Council will still have to apply social value outputs to those contracts which are above threshold but it gives officers the discretion to decide whether it is appropriate on procurements which are less than 12 months in duration and/or below threshold.

## RELATIONSHIP TO POLICY FRAMEWORK

Principle - An Inclusive and Prosperous Local Economy

Theme – Community Wealth Building & Deliver Effective Services

2.1 – social use of resources – Using our land, property, finance and procurement to benefit local communities and encouraging residents, businesses, organisations and anchor institutions to do the same.

## CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

N/A

## LEGAL IMPLICATIONS

The Procurement Act 2023 went live on 24 February 2025 and the Procurement Regulations 2024 as well as the National Procurement Policy Statement which was published in February 2025.

The Procurement Act introduces enhanced transparency requirements and focuses on the lifecycle of the procurement from procurement planning and market engagement right through to contract performance, modification and termination.

Contracting Authorities, for example Lancaster City Council, **must have regard** to the National Procurement Policy Statement (NPPS) in the exercise of their procurement functions, this requirement is set out in the Procurement Act 2023.

The NPPS sets out that public procurement can support delivery of the Government's missions to (amongst other things):

- Kickstart economic growth (for example through opportunities for small businesses and social enterprises, encouraging innovation and development of new technologies)

- Break down barriers to opportunity (for example by addressing skills gaps and training, removing barriers for young people and underrepresented groups)

The Council must have regard to the importance of delivering value for money. Examples include driving economic growth and strengthening supply chains by giving SMEs and VSCES a fair chance, delivering social and economic value that supports the Government's mission.

The NPPS sets out that contracting authorities should (amongst other things):

- Maximise procurement spend with small and medium-sized enterprises (SMEs) and voluntary, community and social enterprises (VCSEs).
- Secure social and economic value which supports delivery of the national missions taking into account priorities in local and regional economic growth plans (where available) and working in partnership with other contracting authorities, the private sector and civil society in the exercise of their procurement functions.
- Apply commercial best practice including the principles and policies in the Government's Playbook series (where appropriate) and make decisions based on value for money and service quality when assessing delivery models and outsourcing decisions.

The amendment to the Contract Procedure Rules reflects a consideration of the Council's social value ambitions, regard to the Government missions as set out in the NPPS and the balance between achieving meaningful social value with encouraging the local market enterprises to work with the Council and maximise procurement spends with SMEs and VCSEs.

#### **FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from this report.

#### **OTHER RESOURCE IMPLICATIONS**

None directly from this report

#### **SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no further comments to add.

#### **MONITORING OFFICER'S COMMENTS**

This report is in the name of the Monitoring Officer who will amend the Constitution if the updated CPR's are approved.

#### **BACKGROUND PAPERS Appendices attached to the report:**

- **Appendix 1: Contract Procedure Rules – Revised Version Tracked Changes with proposed amendments**

**Contact Officer:** Sally Lowton  
**Telephone:** 01524 582 151  
**E-mail:** slowton@lancaster.gov.uk