

REPORT FOR:

GOVERNANCE, AUDIT & RISK MANAGEMENT COMMITTEE

Date of Meeting:	17 th September 2014
Subject:	Revision of the Contract Procedure Rules
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Exempt:	No
Wards affected:	All
Enclosures:	Revised Contract Procedure Rules

Section 1 – Summary and Recommendations

This report proposes revision to the Contract Procedure Rules to better meet the needs of the Council.

Recommendations:

The Committee is requested to:

Approve the adoption of revised Contract Procedure Rules and support their onward progression for approval to the Constitutional Working Group and Council.

Section 2 – Report

Current Position

1. There are a number of internal and external factors which have led officers to consider that a revision of the Council's Contract Procedure Rules (CPRs) is necessary:
 - The current CPRs have been in place since 2009 and there have been significant changes to the landscape of local government procurement and the legal framework around it since that time.
 - A desire to ensure that the CPRs support income generation
 - The Public Services (Social Value) Act 2012
 - The introduction of the Local Government Transparency Code 2014
 - Ensure the CPRs will support the delivery of the recently approved Commercial Strategy
2. The demands placed on the Council to achieve savings on its third party spend puts significant emphasis on having lean and clear procedures to promote best practice legally compliant procurement, commercial flexibility and strong contract management. In addition this must be balanced with the Council's public sector duty to ensure value for money, transparency, equal treatment and non discrimination.
3. The revised CPRs provide a clear set of rules that address the points raised above.

Implications of the Recommendation

4. The adoption of the revised CPR will support the Council's ability to deliver value for money services, in a transparent and compliant way.
5. The CPRs have been revised in conjunction with the revision of the Financial Regulations to ensure consistency between these two key constitutional documents.
6. A Table at the beginning of the CPRs provides a quick guide to the key requirements contained within the document and will make it easier for officers and members to follow.
7. The revised CPRs shift the emphasis of procurement support away from low value routine procurement. The current CPRs require approval for CPR waivers from the Director of Commercial, Contracts and Procurement and Service Directors for any proposal that doesn't comply with CPR where the financial implications are above £5000. The revised CPRs raise this level to £25,000 in order that resources

can be focussed on the higher levels of expenditure. This will not negate the duty for commissioners, etc. to ensure compliance with CPR and value for money in all expenditure.

8. To assist the focus on consideration of high value strategic expenditure the CPRs create good clear internal governance through the introduction of a Procurement Gateway process by having a 2 stage process for obtaining (stage 1) approval to commence procurement and (stage 2) approval to award contracts. This process enables directorate and strategic procurement to be given greater visibility and provides the ability to challenge procurement decisions.
9. There are no negative resource implications; the revised CPRs should create clarity across the organisation on delivering value for money services through best practice procurement.
10. The Director of Commercial, Contracts & Procurement under section 3.3 of the CPRs is permitted to undertake an annual refresh of the document without having to seek Council approval. An imminent example of when these changes will require exercising is the EU procurement directives are being transposed into UK law next year. We would need to see how these changes need to be reflected in the CPRs.

Legal Comments

Under section 135 of the Local Government Act 1972 the council must make standing orders with respect to the making of contracts for the supply of goods or materials or for the execution of works.

Contract Standing Orders must include provision for securing competition for such contracts and for regulating the manner in which tenders are invited, but may exempt from any such provision contracts for a price below that specified in standing orders and may authorise the council to exempt any contract from any such provision when the council is satisfied that the exemption is justified by special circumstances.

The council must comply with public procurement rules, currently implemented in the UK by the Public Contracts Regulations 2006 (as amended).

The council must also comply with the Best Value duty under the Local Government Act 1999 to secure continuous improvement in the way in which the council exercises its functions having regard to a combination of economy, efficiency and effectiveness.

The revised CPR also ensure that the council can comply with its public sector equality duty under section 149 of the Equality Act 2010 and the Public Services (Social Value) Act 2012

Financial Implications

The CPR's are linked with the Council's Financial Regulations which details the overall regulatory framework of Local Authorities as well as Harrow's own approach to financial management. The Financial Regulations were refreshed in full and agreed by Council in April 2013. They are currently subject to a brief update and will be consistent with the CPR's in respect of the Scheme of Delegation for award of contract value.

Risk Management Implications

There is a risk associated with not adopting the refreshed Contract Procedure Rules in that they support the delivery of the Council's priorities in a compliant manner.

Equalities implications

Was an Equality Impact Assessment carried out? No

The material changes in the revised CPRs are primarily as a result of changes to the financial regulations and legislation such as the Social Value Act. The CPRs otherwise have gone through a process of revision to make them shorter and more understandable.

Commissioning and Procurement projects that will have to adhere to the CPRs will have to undertake equalities assessments.

Council Priorities

The recommendation to adopt the new CPRs supports each of the Council's priorities. The ultimate outcome is to ensure that the most important council services benefit from smarter management of the way the Council makes decisions on expenditure, supplier selection and contract management.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the* Chief Financial Officer
Date: 02 September 2014		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the* Monitoring Officer
Date: 02 September 2014		

Ward Councillors notified:

NO

** Delete as appropriate.*

Section 4 - Contact Details and Background Papers

Contact: Report Author's name, Job Title, direct telephone number

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Background Papers: Revised Contract Procedure Rules

If appropriate, does the report include the following considerations?

1.	Consultation	Yes
2.	Priorities	Yes