



Leicester  
City Council

**WARDS AFFECTED**  
**All**

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**  
**Audit & Risk Committee**

**20 November 2019**

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## **PROPOSED CHANGES TO THE CONTRACT PROCEDURE RULES**

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### **Report of the City Barrister**

#### **1. Purpose of Report**

- 1.1. To inform the Committee of proposed changes to the Contract Procedure Rules (CPR).

#### **2. Recommendations**

- 2.1. The Committee is asked to consider the changes to CPR and make any comments to Officers and/or Full Council.

#### **3. Summary**

- 3.1. The CPR are a legal requirement for the Council and set out the rules and processes which must be followed when entering into contracts for the purchase/hire of goods, disposal of assets and purchase of works and services. They were last updated in 2015; Rule 14 (Periodic Review of the Rules) of the current rules states:

“The Head of Procurement and City Barrister, in consultation with the Chief Operating Officer, shall at least every five years review these Rules and, if deemed appropriate, propose amendments to Full Council, following an initial report to Audit & Risk Committee.”

- 3.2. Over the past year, a number of changes to council policy, procurement legislation and the Council’s procurement structure have taken place which mean the rules need to be updated. Additionally a general need to update the CPR to address issues and improve procurement processes has been identified.
- 3.3. The changes to the Rules in 2015 were made to drive improvement against a backdrop of poor procurement practice across the Council which had been discerned. There has now been a noticeable improvement and some of the processes introduced at that time have become onerous and inefficient, particularly for low value contracts particularly given the need to deliver savings across the authority.
- 3.4. New CPR have been drafted with consultation with senior management and relevant service areas across the Council, including Finance, Legal and Internal Audit. These

are attached as Appendix 1. It is proposed to present these to Full Council for approval in early 2020, alongside changes to other parts of the Constitution.

#### 4. Report

4.1. Internal review and feedback was received which has highlighted a number of challenges which the proposed changes to the rules address:

a) **Challenge:** Processes, particularly for low value procurement too onerous, not cost-effective, not adding value and leading to too many waivers

**Proposals:**

- Devolve simple processes to be conducted by departments following review/advice by Procurement;
- Updated rules and approval processes for Waivers/Exemptions and Contract Extensions;
- Requirement to get four written quotes reduced to three for Targeted Quotations;
- Remove requirement for Procurement Plan to be approved every year as a prerequisite for procurement to commence;
- Less specific rules on executing contracts to enable implementation of new “e-signature” software to improve efficiency of contract award procedures;
- Raise thresholds & merge current Small & Medium bands. See Annex A for proposed revised thresholds.

b) **Challenge:** to ensure that raising the thresholds for advertising does not lead to a decline in the use of and engagement with local suppliers.

**Proposals:**

- Increased ability to seek targeted quotes or direct award, and rules encourage use of local suppliers whenever possible – this will be emphasised in guidance and communications;
- References to Social Value Charter added to formally link into rules.

c) **Challenge:** the existing Rules are too long and not easy to follow in places.

**Proposals:**

- Restructured and significant reduction in length of Rules to simplify and aid understanding; remove re-writing of legislation;
- Removal of Appendix 2 as not implemented by schools who have their own separate rules.

4.2. The proposed Rules have also been updated to reflect new legislation, principally the Concessions Contracts Regulations, and to mitigate risk of needing to make future changes due to Brexit.

4.3. If the Rules are approved, Audit and Risk Committee, as per the proposed new Rule 12, will receive a report following the end of each financial year to include:

- achievement of the Procurement Plan;
- compliance with these Rules, including a summary of Waivers;
- any changes to these Rules made under Rule 6;

## 5. Financial, Legal and Other Implications

### Financial Implications

- 5.1. There are no significant direct financial implications expected from changing these rules. It is anticipated that the resource required to conduct the processes set out is already in place in the Council's procurement teams. The rules are aimed at ensuring procurement activity derives best value and maximum economic benefit for Leicester. Colin Sharpe, Deputy Director of Finance, ext. 37 4081

### Legal Implications

- 5.2. Legal Services have been consulted in drafting the new Rules and their comments considered at each new draft. The Rules have been drafted to ensure the Council complies with legislation in terms of procurement and to protect the Council from legal challenge when conducting procurement activity.

### Other Implications

<b>OTHER IMPLICATIONS</b>	<b>YES/ NO</b>	<b>Paragraph/References within the Report</b>
Equal Opportunities	Yes	Procurement has the potential to impact on all of these implications, and the guidance which is being developed to accompany these Rules will detail how this should be done. The centralisation of procurement activity to a fewer number of professionals will help ensure this is done in a consistent and proportionate manner.
Policy	Yes	
Sustainable and Environmental	Yes	
Crime and Disorder	Yes	
Human Rights Act	Yes	
Elderly/People on Low Income	Yes	
Corporate Parenting	Yes	
Health Inequalities Impact	Yes	
Risk Management	Yes	Risk Management and Internal Audit have been consulted when developing these new procedures which have been drafted to provide appropriate controls to risks that occur during all procurement processes. The Rules sit alongside the Council's Risk Management Strategy and Policy.

## 6. Consultations

- 6.1. See paragraph 3.4 above.

**7. Report Author**

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## Annex A: Proposed Revised Thresholds

	Process	Goods and Services	Social Care ("Schedule 3") Services	Works (and Concessions)
<b>Small</b> <i>currently Minor</i>	Direct Award and Purchase Order	Up to £10,000.00 <i>Up to £1,000</i>	Up to £10,000.00 <i>Up to £1,000</i>	Up to £25,000.00 <i>Up to £5,000</i>
<b>Medium</b> <i>currently Small &amp; Intermediate</i>	Three Quotes (or Advertisement)	£10,000.01 - £100,000.00 <i>£1,000 - £75,000</i>	£10,000.01 - £100,000.00 <i>£1,000 - £75,000</i>	£25,000.01 - £250,000.00 <i>£5,000 - £250,000</i>
<b>Large</b>	Advertised Tender Process	£100,000.01 to EU Threshold <i>£75,000 to EU Threshold</i>	£100,000.01 to EU Threshold <i>£75,000 to EU Threshold</i>	£250,000.01 to EU Threshold <i>no change</i>
<b>PCR</b> <i>currently EU</i>	Full Tender Process	EU Threshold and above <i>no change</i>	EU Threshold and above <i>no change</i>	EU Threshold and above <i>no change</i>
<b>Current EU Threshold*</b>		£181,302	£615,278	£4,551,413

\*will be updated with effect from 1 January 2020