

AUDIT AND GOVERNANCE COMMITTEE – 26TH JULY 2023

CONTRACT PROCEDURE RULES UPDATE

1. Purpose of the report

- 1.1 This report is to seek approval to some interim amends to the Contract Procedure Rules to support transformation activity prior to the completion of a more fundamental review being finalised.
- 1.2 Seeks to update on the progress of amendments requested by Audit Committee in January 2023.

2. Recommendation

- 2.1 **The Committee and Full Council are asked to approve the proposed amendments to the thresholds to enable these to be implemented whilst the further revisions to the full document are finalised.**

- 2.2 **The thresholds would be revised as follows;**
£0 - £50,000 – For contracts valued up to and including £50,000 an Executive Director shall proceed in a manner which ensures value for money and the efficient management of the service. Where possible this process shall prioritise the placing of orders with local businesses.

£50,001 - £70,000 – For contracts above £50,000 and up to and including £70,000 the Executive Director must seek to achieve competition and for that purpose invite at least three quotations via YORtender. Where appropriate at least two of the companies invited to quote should be local businesses.

£70,000 - All procurement above £70,000 in total contract value must be undertaken by the Strategic Procurement Team. For procurements above £70,000 to the FTS threshold for goods and services, an open tender procedure must be followed.

3. Progress Update

- 3.1 The last revision made to CPR's in 2019 reflected changes due to the introduction of the Strategic Procurement and Contract Management Team.
- 3.2 Proposed revisions were brought to audit committee in January 2023, based on the extended role of the Procurement and Contract Management Team to progress a number of further amendments to the rules to reflect changes and developments in Council and external policy and also operational changes.

3.3 Audit Committee raised some queries with elements of the rules which required additional consideration and therefore an action was taken for a further review before all the proposed changes would be progressed.

3.4 A working group has been established, with colleagues from procurement, contract management, governance and legal on this basis and activity is progressing to finalise these updates to bring a fully reviewed document back to Audit Committee in November. The timeline for these changes has been delayed due to a change in leadership in the Procurement Team and a recognition that there is benefit as part of transformation to look at the document in its entirety to ensure better alignment with the constitution and future Council strategy.

3.5 It has become necessary to look a smaller scope of changes immediately to support the transformation programme and ensure the Council is able to deliver its services in the most agile way possible, whilst mitigating risk whilst the wider review of the document is finalised.

3.6 It is proposed these immediate changes would include;

3.6.1 An uplift of the minimum value for undertaking a competitive quotation exercise, where at least 3 quotes are requested from £10,000 to £50,000. This is above the £20,000 proposed in January. The requirement for preparing a business case in support of a procurement would also be uplifted to £50,000. This gives Services more flexibility in lower value, routine purchases and allows a more streamlined and agile selection process which can support engagement with more local organisations and SMEs/VCSE. This change is also reflective of the increase in the cost of goods, services and works since the £10,000 threshold was set in 2019 due to various factors.

3.6.2 An addition would be made to the rules when there is an urgent requirement to obtain specialist skills on a short-term basis which are not currently available in the Council's structure which is below the £70,000 threshold for a Stakeholder led procurement. In such circumstances a waiver would no longer be required to approve the exemption to competition if agency or interim appointments are being made via an alternative recruitment agency to the corporate agency contract and allow appointment, subject to the relevant HR checks and approval. This change is proposed to ensure that services are not adversely affected by vacancies in their structure which are outside of their control and are able to progress specific activity which requires specialist expertise at pace to support transformation.

3.6.3 Change to the FTS thresholds, which have been revised since the 2019 revision of the document along with the requirement to value contracts inclusive of VAT.

3.6.4 It is the opinion of the Head of Procurement and Contract Management that these changes, supported by the correct training and guidance for Stakeholders would still allow sufficient oversight to ensure compliance with the public sector procurement regulations, but serve to ensure the Council can act in an agile manner to progress essential activity.

4. Supporting Papers

4.1 Proposed Contract Procedure Rules.

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