

MUNICIPAL YEAR 2008/2009 REPORT NO. 234

MEETING TITLE AND DATE:

Council – 1 April 2009

REPORT OF:

Director of Finance and Corporate Resources.

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Agenda - Part: 1	Item: 11
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Subject:

Contract Procedure Rules – Annual Revisions.

Wards:

Cabinet Member consulted:

1. EXECUTIVE SUMMARY

All Councils are required to have in place a set of rules which govern and control the procurement and contracting policies of the Council. Enfield Council meets this requirement through its Contract Procedure Rules (CPRs) which are contained within the Constitution.

The CPRs were rewritten in 2008 as part of a comprehensive review of the Council's contracting policies and procedures.

Best practice however dictates that the CPRs are kept under review and to this end they are reviewed on annual basis.

The Council's Audit Committee met on 14 January 2009 and approved the revisions.

The CRG met on the 5 March and approved the revisions.

This report sets out the significant areas of revision and the benefits to the Council for the proposed changes.

2. RECOMMENDATIONS

2.1 That the Council consider and approve the updated and amended CPRs in the attached document.

3. BACKGROUND

- 3.1 Local Authorities are required by the Local Government Act 1972 (S135) to provide Standing Orders with respect to the making of contracts for the supply of goods and services or the execution of works.
- 3.2 This Council meets the requirement by having a set of CPRs included within the Constitution. Best practice also requires that these rules are kept under periodic review and updated and amended to reflect changes in policies and procedures. As well as changes brought about through new and amended existing legislation.
- 3.3 A corporate working group, the Contract Review Group containing representatives from across the Council has been meeting for the purpose of updating and amending the CPRs.
- 3.4 The CRG met to consider the changes to the CPRs. The group identified a number of amendments, all of which have been incorporated within the final version. CRG has recommended that the Council approves the rules.
- 3.5 Attached to this report as Appendix 1 is a draft copy of the updated and amended CPRs, with the amendments highlighted in yellow.
- 3.6 A summary of the main amendments is provided below:

The significant areas that have been revised cover:

- **Addition of a list of mandatory core values (see attached) that officers must follow;**

This list reflects the wider responsibilities of officers in their undertaking of procurement projects and enshrines high level priorities/objectives of the Council as a whole.

- **Addition of sections (see attached) specifically relating to:**
 - Engagement of consultants- necessary to establish roles and responsibilities within a procurement and establishing explicit rules surrounding the use of consultants to undertake procurement activity on behalf of the Council.
 - Debriefing of suppliers- necessary to ensure that officers are complaint with legislation and best practise. Especially important in light of increasing use of challenges to procurement process and decisions to award;
 - Contract management – required to effectively drive value out of contractual arrangements and minimise risks to the Council;

- Risk management- required to reflect the Council’s corporate approach to risk management. Also necessary to ensure that’s risks are identified, managed and reduced wherever possible;
 - Environment /Sustainability – required to ensure that resulting contractual arrangements contribute to our duty to reduce carbon emissions and other environmental legislation in place.
- **Amendment of the lower band threshold for seeking quotes, from £5,000 to £10,000 (££20,000 for works)**

Considered necessary in light of the cost of administration of a paper based competitive process for lower value expenditure and the introduction of a Low value procurement strategy that proposes different procurement tools that provide full auditable visibility of spend.

- **Strengthening of rules around the evaluation process;**

Necessary in light of case law both EU and UK, that directly related to the matter of how a public authority advertises and subsequently applies evaluation criteria within a procurement exercise.

- **Clarification on the use of waivers**

This is required as a direct result of lessons learnt from the application of the current CPRs.

- **Clarification on the use of accreditation companies such as EXOR;**

This is required as a direct result of lessons learnt from the application of the current CPRs.

- **Clarification on the use of letters of intent prior to formal award;**

This is required as a direct result of lessons learnt from the application of the current CPRs.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There are no alternative options to consider as the Council is required to maintain such a set of rules. The Council has complete discretion as to the contents of the CPRs.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The final approval of these rules by Council is required by legislation. However the terms of reference of the Audit Committee give it responsibility for these rules and the Constitution Review Group has a wide-ranging responsibility for

the Constitution, consequently that group needed to see the CPRs prior to them being submitted to Council.

6. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

6.1 Financial Implications

There are no specific financial implications arising from this report.

6.2 Legal Implications

6.2.1 Local Authorities are required by the Local Government Act 1972 (S135) to provide Standing Orders with respect to the making of contracts for the supply of goods and services or the execution of works.

6.2.2 This Council meets that requirement by having CPRs within its Constitution.

6.2.3. Legal Services have been consulted throughout the review of the CPRs and have been represented throughout the revision process as a member of the Contract Review Group.

6.3 Property Implications

There are no property implications since there are separate property procedure rules which control the management of Council Property.

6.4 Internal Audit

6.4.1 Internal Audit have been involved in reviewing the draft CPRs as a member of the Contract Review Group.

6.4.2 CPT are leading a number of training initiatives to embed the CPRs within the Council and to ensure that the business community and VCS are fully aware of how we do business.

7. PERFORMANCE MANAGEMENT IMPLICATIONS

7.1 Having such rules will assist the performance management of the Council by ensuring that all procurement and contracting is undertaken in a uniform manner and consequently the procurement performance of the Council can be improved. Furthermore all procurement will be undertaken in a transparent manner which will be sufficiently robust to withstand external scrutiny and challenge.

7.2 The Contract Review Group meets at least on a quarterly basis and will monitor the performance of the revised CPRs, and assist CPT in the development of any further recommendations for changes in future versions of the CPRs.

8. PUTTING ENFIELD FIRST

- 8.1 These Rules ensure that procurement is carried out in a way that complies with all legislation and also ensures that best value is achieved. Consequently this will support the delivery of excellent services by the borough since it will ensure that the goods and services are procured in an effective manner.

Background Papers

Constitution of the London Borough of Enfield.