

MUNICIPAL YEAR 2005/2006 REPORT NO.

MEETING TITLE AND DATE:

Council
22nd February 2006

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REPORT OF:

Director of Finance and Corporate
Resources.

Contact officer and telephone number:
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Agenda - Part: 1	Item: 10
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Subject: Contract Procedure Rules.
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Wards:

Cabinet Member consulted: Cllr. Michael Lavender.

1. EXECUTIVE SUMMARY

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

Best practice however dictates that the CPR are kept under review and to this end a revised set of Contract Procedure Rules have been produced and are contained within this report.

This report describes the process by which the CPR have been redrafted and the reasons for the proposed changes

These revised rules were approved by the Audit Committee at its meeting on 17th January 2006 and by the Constitution Review Group at its meeting on 9th February 2006.

2. RECOMMENDATIONS

1. That Council approve the revised CPR in the attached document and the revised CPR will then be implemented with effect from 1st April 2006.

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 or materials or the execution of works.
- 3.2 This Council meets the requirement by having a set of Contract Procedure Rules included within the Constitution.
However best practice also requires that these rules are kept under periodic review and revised as necessary from time to time. Indeed the CPA “use of resources” assessment looks to ensure that this happens at least annually.
- 3.3 A corporate working group containing representatives from each Department within the Council has been meeting for the purpose of revising the Contract Procedure Rules.
This process has latterly been led by the Central procurement team.
- 3.4 Attached to this report as appendix 1 is a draft copy of the revised CPR.
- 3.5 The opportunity has been taken to completely rewrite the rules in a format which is easier to understand, in so far as it contains less jargon and is written in clear language. The rewrite is based upon research across other local authorities in order to achieve the best practice.
- 3.6 In order to improve the understanding of these CPR a glossary of terms used is attached. It is intended to produce a guidance manual in order to assist people with the use of the CPR in practical situations.
- 3.7 The financial thresholds contained within the rules have been reviewed to ensure that they are in line with the average financial thresholds, for similar transactions across London authorities. It is intended that these levels are reviewed on an annual basis in order that they remain at a level which provides for the maximum flexibility, but also ensures that control is still firmly maintained.

Appendix 2 to this report tabulates the changes which are proposed to the main financial limits contained within the CPR.

- 3.8 Local Authorities are now being actively encouraged to enter into partnering arrangements on a number of fronts, working with the voluntary sector right across the spectrum to partnering arrangements in the construction industry. The creation of these partnerships is clearly a form of procurement which in all case will be executed in accordance with the CPR.
- 3.9 At one level the activity of partnering is a different type of contract so these rules have been written with the greatest degree of flexibility included which will enable all types of contracts to be procured. However recognising the significance of this type of activity a set pf partnership

procedure rules are being developed which will also be submitted to this committee and Council in order to govern this type of activity.

3.10 These partnership rules will ensure that partnerships are procured and governed in a secure and appropriate manner. In many cases the governance of the partnerships will be as significant as the procurement.

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 CPR.

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 need to see the CPR prior to them being submitted to Council

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

6.1 Financial Implications

6.1.1 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 or materials or the execution of works.

6.2.2 This Council meets that requirement by having Contract Procedure Rules within its Constitution.

6.2.3. Legal Services have been consulted throughout the review of contract procedure rules.

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

The internal audit section has been involved in reviewing the draft CPR as they have been developed and have made a number of suggestions that have been incorporated into this final version. Clearly the increased flexibility given to Directors, they can now authorise waivers of CPR on their own behalf rather than through the Director of Finance and Corporate Resources and the increase in financial thresholds can be viewed as increasing the risk to the Council.

Full training on these revised CPR will be given to Directors and their staff by officers from Internal Audit, Central Procurement, Legal Services and Democratic Services. This training will highlight the increased responsibilities as well as the increased flexibility.

A risk assessment suggests that these are sufficient controls within the new arrangements to safeguard the Council's interests without a significant increase in risk.

7. PERFORMANCE MANAGEMENT IMPLICATIONS

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

8. PUTTING ENFIELD FIRST

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.