



Revised Contract Procedure Rules

Corporate Priority:	Service excellence in all we do
Relevant Ward Member(s):	All
Date of consultation with Ward Member(s):	Not applicable
Exempt Information:	No

1 Summary

- 1.1** This report sets out the proposed amendments to the Council's Contract Procedure Rules for consideration. One of the main changes would allow the Council, subject to certain condition, to reserve procurements for service contracts to local, small or medium sized businesses. This would create opportunities for the council to invest in the local economy and support the recovery from Covid.
- 1.2** The updated Contract Procedure Rules set out the principles, roles and processes involved in procurement at the Council. All procurements must comply with these Rules, the Council's Financial Procedure Rules and English law in force in England. The Rules seek to protect the Council's reputation by minimising risk of allegations of corruption, dishonesty and failure to meet legal obligations.

2 Recommendation

- 2.1** That Council approves the updated Contract Procedure Rules as attached in Appendix A (Summarised at Paragraph 5 of the report) with immediate effect.

3 Reason for Recommendations

- 3.1 The updates contained within Appendix A (and summarised at paragraph 5) reflect current best practice, legislation and updates to procurement processes.
- 3.2 Recent guidance from the Cabinet Office in relation to reserving contracts **solely** for below threshold procurements for Services contracts (as per [Procurement Policy Note 11/20: Reserving below threshold procurements](#)) has enabled the Council to update the Contract Procedure Rules to target small local suppliers for Council contracts, and help keep employment local.
- 3.3 The Council's Rules must be kept under continuous review to ensure they reflect changes in the Law and changes required that result from internal reviews on how the Council operates.

4 Background

- 4.1 The Council has Contract Procedure Rules to ensure that Officers follow a consistent, fair and transparent procurement process when purchasing goods, services or works. Above a certain value (previously set by the EU, but will now be reviewed and set by the Cabinet Office), the process is set out in statute. Below this value, Councils have Contract Procedure Rules which adhere to the principles of fairness and transparency.
- 4.2 Audit check compliance with the Contract Procedure Rules. If an Officer does not follow the correct procedure rules then the Council could be at risk of a challenge to the procurement process. As well as the considerable financial, reputational and organisational risk attached to poor procurement, it is the responsibility of Council Officers to ensure the appropriate use of public money and to be able to demonstrate this.
- 4.3 Welland Procurement has reviewed the current Contract Procedure Rules to ensure they reflect changes in the Law, best practice and changes required that result from internal reviews on how the Council operates. This has led to the proposed updated Contract Procedure Rules as attached in Appendix A.
- 4.4 Welland Procurement has carried out this review alongside other internal stakeholders (Legal Services and the Director for Corporate Services).

5 Main Considerations

- 5.1 Amendments to the current Contract Procedure Rules are within Appendix A as tracked changes to enable changes to be clearly seen.
- 5.2 The key amendment to the Contract Procedure Rules relates to reserving below threshold procurements (for Services contracts only); full details added are at 6.2, 7.2, 8.2, 15.12 of revised Contract Procedure Rules, Appendix A.

The Council's priority themes set out within the Corporate Strategy include providing excellent services that positively impact on our communities as well as delivering sustainable and inclusive growth in Melton.

This amendment means that Council Officers can consider reserving services contracts (below £189,000) to local and/or SME (Small and Medium Sized Enterprises) status organisations as part of a procurement process. This will be managed by Officers on a case

by case basis, after assessing the market to ensure there is sufficient competition (based on the reserved criteria).

Reserving the procurement by supplier location would mean being able to run a competition and specify that only suppliers located in a geographical area can bid (Leicestershire). This could be used to tackle economic inequality and support local recruitment, training, skills and investment.

Reserving the procurement for Small and Medium sized Enterprises (SMEs) would mean that only SMEs can bid, encouraging entrepreneurship and attracting new and smaller organisations to work with and for the Council.

An economy with diverse, resilient and innovative supply markets provides the best environment to start and grow a business; when local markets are stimulated in this way, this can also help to tackle economic inequality through the creation of new businesses, jobs, skills and other community benefits.

5.3 Other minor amendments to the Contract Procedure Rules (Appendix A) include:

- 5.3.1 Clarity around three quotes being sought (not obtained) for procurements valued between £10,000 and £49,999 (7.3 of revised Contract Procedure Rules, Appendix A).
- 5.3.2 Update to where terms and conditions are available from (Q Drive) (7.5, 8.7, 9.5, 10.10 of revised Contract Procedure Rules, Appendix A).
- 5.3.3 Update to where the Council's Contract Register is published (ProContract) (6.7, 7.14, 8.15, 9.14, 10.17, 12.10, 13.12, 16.5, Appendix 4 of revised Contract Procedure Rules, Appendix A).
- 5.3.4 Updates to reflect the use of online questionnaires for procurements above £50,000 (8.7, 9.5, 10.10 of revised Contract Procedure Rules, Appendix A).
- 5.3.5 Information provided in relation to the use of Frameworks and Dynamic Purchasing Systems to ensure compliance with the Rules (11.5, 11.6, 11.7, 11.8, 11.10, 11.15, 11.16 of revised Contract Procedure Rules, Appendix A).
- 5.3.6 Update to job title for Assistant Director for Governance and Democracy (15.11.2, 16.4 of revised Contract Procedure Rules, Appendix A).
- 5.3.7 Clarity in relation to intention of wording around extensions (removal of separate 17.3.4, so that wording is within 17.3.3 of revised Contract Procedure Rules, Appendix A).
- 5.3.8 References to OJEU/EU updated throughout the Contract Procedure Rules (Appendix A).

6 Options Considered

- 6.1** To continue with the current Contract Procedure Rules. This is not recommended, as the review has highlighted areas with gaps in information for Officers to be able to carry out procurement processes, as well as updates required following the exit from the European Union.

7 Consultation

- 7.1 The updated Contract Procedure Rules have been circulated to several stakeholders for input, feedback and comment. This includes Legal Services and the Director for Corporate Services.

8 Next Steps – Implementation and Communication

- 8.1 Subject to Council approval, the updated Contract Procedure Rules will come in to effect immediately, and will be incorporated to the Constitution accordingly. They will be published on Melton Borough Council’s internet pages, as well as the Council’s intranet pages for Officers to access.

9 Financial Implications

- 9.1 There are no financial implications associated with this report.

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 It is a legal requirement for the Council to have Contract Procedure Rules.
- 10.2 The adoption and approval of amendments to the Rules is a matter reserved to Council and forms part of the Constitution.

Legal Implications reviewed by: Natasha Taylor Deputy Monitoring Officer 13.05.21

11 Equality and Safeguarding Implications

- 11.1 There are no equality and safeguarding implications to consider.

12 Community Safety Implications

- 12.1 There are no implications to consider.

13 Environmental and Climate Change Implications

- 13.1 There are no implications to consider.

14 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact
1	Updated Contract Procedure Rules are not adopted by Council Officers.	Low	Marginal

	Updates will be included in the annual refresher “Procurement Awareness Training”, as well as internal communications being circulated.		
2	New members of staff will not be aware of the Contract Procedure Rules Welland Procurement is to be made aware of new members of staff, as well as changes to the roles of current Council Officers. Welland Procurement will then be able to offer training and guidance on the Rules.	Significant	Critical
3	Audit requirements will not be updated to reflect the new Contract Procedure Rules. Welland Procurement will ensure LGSS Audit receive the updated version of the Rules.	Low	Critical

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant			2	
	3 Low		1	3	
	2 Very Low				
	1 Almost impossible				

15 Background Papers

15.1 [Procurement Policy Note 11/20: Reserving below threshold procurements](#)

16 Appendices

16.1 Appendix A – Contract Procedure Rules Update

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