

**AUDIT AND RISK MANAGEMENT COMMITTEE
MONDAY 12 JUNE 2017**

REPORT TITLE	PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES
REPORT OF	HEAD OF PROCUREMENT

REPORT SUMMARY

This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (“CPRs”) Rule 12 Extension/Variation; Rule 11 Waiving the Rules, as required under the CPRs.

The Appendix details the contracts subject to the Extension/Variation or Waiver rules for the period 1 April 2016 to 31 March 2017 which under Contracts Procedure Rule 16 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee:-:

- a) A contract is awarded the total value of which exceeds £500,000.
- b) A variation or extension to a contract approved by the Assistant Director of Finance (S151 Officer) and by others as per the Appendix.
- c) A waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

RECOMMENDATIONS

That the report be noted.

That further updates be provided to Committee on a six monthly basis.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To provide Committee with assurance that the Council is taking appropriate measures to comply with Contract Procedure Rules.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's Contract Procedure Rules require this report be presented to this Committee. There is an option over the frequency of the reporting and whilst this report covers a 12 month period it is recommended that future report should cover a six month period.

3.0 BACKGROUND INFORMATION

- 3.1 Revised Contracts Procedure Rules that came into effect on the 1 December 2013 significantly changed the rules and the way they are applied.
- 3.2 The Rules placed the responsibility for the approval of contracts on officers of the Council and a new process of Officer Decision Notices (ODN's) was introduced.
- 3.3 Each contract listed on the ODN's directory has a corresponding ODN document which identifies the purpose and details of the contract and is signed by the authorised Designated Senior Manager, Procurement Officer or Assistant Director of Finance (S151 Officer) according to the nature and value of the contract.
- 3.4 Each contract is posted on the Council's Contracts Register 'The Chest', which is the Regional e-Sourcing Portal for the North West local authorities.
- 3.5 A complete review of the CPRs was undertaken and the revised Rules, approved by this committee on the 24 November 2015, came into effect on the 1 April 2016.
- 3.6 Within the revised Rules the **Officer Decision Notice** was replaced with four, distinct, **Procedure Rules Approval Documents (PRAD)** - documents of approval are 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4). These form the basis of all reports to this Committee in accordance with Rule 16.
- 3.7 The revised CPRs included the adoption of the Public Procurement Regulations 2015, the Transparency Code 2014, and the requirement to publish all contracts over £5,000 in value.
- 3.8 Prior to the implementation of the revised CPR's in April 2016, Corporate Procurement provided formal training, for officers involved in contracts, between January 2016 and the end of March 2016. A total 230 officers completed the training.

- 3.9 Corporate Procurement have also produced a new online eForm PRAD approval process, and although there have been problems and amendments, which has prevented an earlier report to Members, officers have found that the system now provides a more efficient approval procedure.
- 3.10 From the 1 November 2016 a new eLearning module, designed by Corporate Procurement with the OD Team, entitled 'Understanding Procurement Processors' was introduced as mandatory for managers to complete, the new CPR's being fundamental to the completion of the course. To date 52% have completed the module.
- 3.11 The appendices attached show all PRADs over 12 months from 1 April 2016 to 31 October 2016 prior to the Council's New Operating Model (NOM) and from 1 November 2016 to 31 March 2017 post the NOM.
- 3.12 There have been 69 Exceptions (**PRAD 1**) to the CPR's approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) been authorised only in the following circumstances, supported in all cases by appropriate evidence;
- a. goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.
 - b. compatibility issues such that procurement from another source would be uneconomic given the investment in previous infrastructure;
 - c. a waiver of the rules would be in the interests of the Council, be lawful, and provide value for money;
 - d. Where there is a legal requirement to contract with a particular supplier.
 - e. Call-offs under framework agreements, providing procedures are adopted which are broadly equivalent to these rules and compliant with national and EU legislation
 - f. Contracts awarded to sole suppliers because of exclusive rights.
- 3.13 The remainder of PRAD's, detailed within the appendices, are as follows:
- Extensions 47 (extended within Contract terms)
 - Variations 12 (within the interests of the Council)
 - Awards 14 (over £500,000.00, under a full tender process)

4.0 FINANCIAL IMPLICATIONS

- 4.1 The appendices detail a total of 142 PRAD's, approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £170 million during 2016/17.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council must comply with its Contract Procedure Rules and relevant procurement legislation.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes.
- 6.2 The PRAD process includes assurances that the financial resources are available to fund the contracts and also achieves value for money prior to any approval being given.

7.0 RELEVANT RISKS

- 7.1 There are none arising directly from this report.

8.0 ENGAGEMENT / CONSULTATION

- 8.1 There was no specific consultation undertaken in respect of this report.
- 8.2 As detailed in the report formal training was provided for officers involved in contracts, between January 2016 and the end of March 2016 and a new eLearning module, was made available for all managers from 1 November 2016.

9.0 EQUALITY IMPLICATIONS

- 9.1 This is a report for information so there is no requirement of an Equality Impact Assessment.

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APPENDICES

- Appendix 1 Procedure Rules Approval Documents 1 April 2016 – 31 October 2016
Appendix 2 Procedure Rules Approval Documents 1 November 2016- 31 March 2017

SUBJECT HISTORY (last 3 years)

Meeting	Date
Audit and Risk Management Committee – Revised Contract Procedure Rules	25 November 2015