

# DECISION ITEM



REPORT OF	MEETING	DATE	ITEM NO
HEAD OF GOVERNANCE	COUNCIL	17 OCTOBER 2016	13
<b>CONTRACT PROCEDURE RULES</b>			

## PUBLIC ITEM

This item is for consideration in the public part of the meeting.

## SUMMARY

An internal audit report recommended that changes be made to the council's contract procedure rules. Audit and Standards Committee has considered the detailed changes proposed in response to the audit recommendations and has recommend them for adoption by the council.

## RECOMMENDATION

1. Adopt the changes to contract procedure rules set out in paragraphs 3 and 4 of the report.

CORPORATE PRIORITIES	
Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

## REPORT

1. The contract procedure rules form part of the council's constitution and govern the procurement and administration of contracts for the provision of works, goods and services to the council.
2. A recent internal audit report<sup>1</sup> highlighted some areas where changes to contract procedure rules would improve their clarity and effectiveness. This report sets out amendments to the rules proposed in response to the audit report. Audit and Standards Committee considered the proposed changes at its meeting on September 22 and recommend them for adoption by the council.

---

<sup>1</sup> Procurement Services, March 2016

3. The table below sets out the audit observations and agreed actions and recommendations and the changes proposed in response.

Audit Observation	Agreed Action	Proposed change to Rules
<p>Whilst there is a 'Guide to Buying for the Council' which supplements the Council's Contract Procedure Rules, such guidance was not referred to in the rules stating that these provisions must also be complied with when purchasing goods, works or services</p>	<p>An administrative amendment to the Contract Procedure Rules will be made to reference the 'Guide to Buying for the Council'.</p>	<p>Insert the following as paragraph 1.3 of the rules: <i>'Buyers should also refer to the "Guide to Buying for the Council", which is available on the council's intranet'.</i></p>
<p>The existing Contract Procedure Rules imply that using framework agreements is acceptable but outside the CPRs themselves. Using a framework agreement should be encompassed within the Council's rules and procedures</p>	<p>An administrative amendment to the Contract Procedure Rules will be made to encompass the use of framework agreements within the rules and procedures.</p>	<p>Delete 1.2(5), which excludes framework agreements from the application of the rules.</p> <p>In the table in paragraph 2, Include "Framework agreement" as one of the available options for each of the following categories of contract: small contract, mid-range contract, large contract.</p> <p>Insert a new row at the bottom of the table in paragraph 3 (description of procedures) as follows:</p> <p><i>"Framework agreement</i>  <i>The procedure is that the relevant director must satisfy himself that the framework agreement has been let in compliance with all relevant legislation and can lawfully be accessed by the council.</i></p> <p><i>Goods, services or works supplied through a framework agreement must be ordered in compliance with the specific rules and procedures for accessing that framework."</i></p>
<p>The Council's Contract Procedure Rules do not apply where a contract has been let by another public authority, as long as that authority had obeyed its own rules. However, no assurance concerning this was obtained or held by Fylde.</p>	<p>An administrative amendment to the Contract Procedure Rules will be made to include the requirement that written assurance must be obtained and held, where a contract has been let by another public authority, to confirm that authority has obeyed its own rules.</p>	<p>In paragraph 1.2(v) (renumbered from paragraph 1.2(vi)), insert the following at the end: <i>"and the relevant director holds written confirmation of such compliance"</i></p>

4. A further amendment, set out below, is also proposed to clarify that it is the responsibility of the relevant director, not the Chief Financial Officer, to satisfy himself that budgetary provision exists to cover any new contract.

In paragraph 2.4, replace “*obtain written confirmation from the Chief Financial Officer that budgetary provision exists to cover the*” with “*determine a realistic pre-estimate of the anticipated*” and add at the end of the paragraph: “*,and satisfy himself that budgetary provision exists to cover them*”.

5. A copy of the rules, showing the changes proposed, is attached to the report.

IMPLICATIONS	
Finance	Appropriate contract procedure rules are an important part of the Council’s overall financial management framework and contribute to good governance arrangements. There are no direct budgetary implications arising from this report.
Legal	The contract procedure rules govern the letting of contracts
Community Safety	No specific implications
Human Rights and Equalities	No specific implications
Sustainability and Environmental Impact	No specific implications
Health & Safety and Risk Management	No specific implications

LEAD AUTHOR	TEL	DATE	DOC ID
Ian Curtis	01253 658506	23 September 2016	

LIST OF BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
Internal Audit report: Procurement Services	March 2016	Town Hall, Lytham St Annes
Contract Procedure Rules	January 2015	<a href="https://fylde.cmis.uk.com/fylde/DocumentsandInformation.aspx">https://fylde.cmis.uk.com/fylde/DocumentsandInformation.aspx</a> or Town Hall, Lytham St Annes

Attached documents

1. Part 4b – Contract Procedure Rules