



CORPORATE GOVERNANCE COMMITTEE – 16th SEPTEMBER 2024

CHANGES TO THE CONTRACT PROCEDURE RULES AND FINANCIAL PROCEDURE RULES

JOINT REPORT OF THE DIRECTOR OF CORPORATE RESOURCES AND THE DIRECTOR OF LAW AND GOVERNANCE

Purpose of the Report

1. The purpose of this report is to seek the Committee's views on proposed changes to the Council's Finance Procedure Rules (attached as Appendix A to this report) and the Contract Procedure Rules and to request that it recommends to the County Council that these changes be approved at its meeting on 25 September 2024.
2. A supplementary report setting out in detail the changes to be made to the Contract Procedure Rules is currently being finalised and this will be circulated to members and published on the Council's website as soon as possible.

Background

3. The Financial Procedure Rules (FPR) set out the main financial management requirements of the County Council. They apply to the Executive and Committees and to officers of the County Council.
4. The Standard Financial Instructions (SFI's) supplement the Financial Procedure Rules. They are proposed by the Chief Financial Officer (CFO) and cover the more detailed procedures required for the control of the financial affairs of the Council. They include procedures for control of the capital programme, revenue budgets, contracts, ordering, payments, income collection, stocks and assets, banking and insurance.
5. The Contract Procedure Rules (CPR) set out a corporate framework for the procurement of all goods, services and works for the Council. The Rules are designed to ensure that all procurement activity is conducted with openness, fairness and transparency and ensures we achieve consistent good procurement practice across all our departments.
6. Rule 8 (Annual Reporting) of the Council's Contract Procedure Rules stipulates that the Director of Corporate Resources, in consultation with the Director of Law and Governance, shall submit a report to the Corporate Governance Committee to set out any proposed revisions to the Rules and/or

changes required to accommodate the requirements of UK and EU procurement law, as may be necessary from time to time.

7. Following consideration by the Committee, the proposed revisions to the Financial Procedure Rules and Contract Procedure Rules will be submitted to the County Council in September for approval.

Proposed Revisions to the Financial Procedure Rules

8. In order that the Financial Procedure Rules remain up to date and relevant it is necessary to regularly review and propose updates to the Rules. A review of the Rules has been undertaken which has identified a number of small changes needed to ensure that the Rules are up to date and fit for purpose. These are contained within Appendix A attached to this report.

Proposed Revisions to the Contract Procedure Rules and Finance Procedure Rules

9. Leaving the EU provided the UK with the responsibility and opportunity to overhaul the public procurement regulations. The four existing sets of public regulations (The Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations and the Defence and Security Public Contracts Regulations 2011) will be replaced by one set of regulations, namely the Procurement Act 2023 which comes into force on 28th October 2024.
10. The Councils current CPR are written based on the Public Contract Regulations 2015 and so the proposed revisions to the Rules are being made to bring them in line with the new Act.
11. The guidance from Government is still being released and we are working with external legal advisors and ESPO to finalise the new set of CPR. Unfortunately, due to the slow release of data, the full re-write of the Rules is not available at the time of writing this report but will be made available as soon as possible before the meeting. It remains important that these rules still be considered by the committee on this date as the rules need to be cleared through and approved to meet the deadline of 28th of October when the Act comes into force and the Council will need to be procuring in accordance with these rules.
12. An indication of the changes required is provided in a summary of the Procurement Act 2023 which is attached as Appendix B to this report. The main areas being updated include:
 - a. New tender procedures and below threshold requirements.
 - b. Change to the tender evaluation criteria (MEAT (Most Economically Advantageous Tender) vs. MAT (Most Advantageous Tender)).
 - c. Transparency requirements regarding information to be published.
 - d. Standstill period timeline and scope.
 - e. Mandatory and discretionary grounds for exclusion.

- f. Central debarment list.
- g. The opportunity has also been taken to restructure the rules to make them easier to follow.

Timetable for Decision

- 13. The changes to the FPR and the CPR are supported by the Director of Law and Governance and the Director of Corporate Resources and will be presented to the County Council on 25th September 2024 for approval, subject to this Committee's agreement.
- 14. Should the County Council approve the revised Rules, these will come into force immediately and will be published on the Council's internet and intranet sites and communicated to all relevant managers and staff within the Council as appropriate.

Future reporting arrangements

- 15. Annually the Contract procedure Rules and Finance Procedure Rules will be reviewed unless there are legislation changes that require an earlier review. As reported to the Committee in January this year, reports on the operation of the Contract Procedure Rules will now be aligned with the financial year 1st April to 31st March (Q1 to Q4). This data will therefore be presented to the Committee each May along with any further changes that might be required to the Rules at that time.

Equality Implications

- 16. There are no equalities implications arising from the changes proposed to the FPR. The CPR ensure that all potential suppliers and suppliers receive equal treatment when bidding for contracts.

Human Rights Implications

- 17. There are no human rights implications arising from the changes proposed to the FPR. The CPR ensure that all procurements consider human right implications before commencing. There are no human rights implications arising from the proposed changes to the CPR set out in this report.

Recommendations

- 18. The Committee is asked to recommend that the County Council approve the amended Financial Procedure Rules and Contract Procedure Rules attached to this report.

Background Papers

The Constitution of Leicestershire County Council
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=1187&MId=7661&Ver=4&Info=1>

Circulation under the Local Issues Alert Procedure

None

Officers to Contact

Declan Keegan
Director of Corporate Resources
Tel: 0116 305 7688
Email: declan.keegan@leics.gov.uk

Lauren Haslam
Director of Law and Governance
Tel: 0116 305 6240
Email: lauren.haslam@leics.gov.uk

Kay Springthorpe
Head of Procurement and Supply Chain Management
Tel: 0116 305 0375
E-mail: Kay.Springthorpe@leics.gov.uk

Appendices

Appendix A - Proposed amendments to the Financial Procedure Rules

Appendix B - Summary of the Procurement Act 2023