



## **CORPORATE GOVERNANCE COMMITTEE – 23<sup>rd</sup> JUNE 2025**

### **ANNUAL REPORT ON THE OPERATIONS OF CONTRACT 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 report on the operation of the Contract Procedure Rules between 1<sup>st</sup> April 2024 and 31<sup>st</sup> March 2025.

#### **Background**

2. The Contract Procedure Rules are the Council's formal rules to govern how it buys goods, services and works. They are included as Part 4G of the Council's Constitution and fully define the standards, processes and thresholds that must be followed to ensure procurement is legal, fair, transparent and delivers value for money.
3. Rule 8 (Public Contract Regulations 2015) (PCR2015) and Rule 40 (Procurement Act) (PA23) detail the requirement for Annual Reporting of the Council's Contract Procedure Rules. The Annual reporting requirements stipulate that the Director of Corporate Resources, in consultation with the Director of Law and Governance, shall at least once in each financial year submit a report to the Corporate Governance Committee in relation to the operation of these Rules. This includes details of approved exceptions to these Rules and approved extensions or modifications to a contract where this has not been provided for in the original contract.
4. The Contract Procedure Rules (Procurement Act) (PA23) were written to align with the Procurement Act 2023 and went through full Council approval in February 2025, ready for the implementation of the new regulations on 24<sup>th</sup> February 2025.

#### **Approved Exceptions to the Rules**

5. Between 1 April 2024 and 31 March 2025, seventy-five approved exceptions, which are allowed for under Rule 6 (PCR2015) and Rule 57 (PA23) of the Contract Procedure Rules (CPRs) have been recorded in the Exceptions Logs maintained by the Council's Commissioning Support Unit and Chief Officers. Approved exceptions under Rule 6a (PCR2015) are not included in the reported figures as they are for sole supplier contracts under the Public Contract

Regulations 2015. Full details of the exceptions are set out in Appendix A attached to this report. Appendix B provides details on Rule 6 and 57.

A comparative table of approved exceptions over the last 3 years is provided in Table 1 below:

<b>Table 1: Comparison of Approved Exceptions</b>			
Period	Number of Approved Exceptions	Total Value of Approved Exceptions	No. of Exceptions above relevant UK Threshold
1 April 2024 to 31 March 2025	75	£7.9m	2
1 April 2023 to 31 March 2024 Reporting timelines changed to align with financial year.	88	£9.9m	8
1 July 2022 to 30 June 2023	97	£7.4m	5
1 July 2021 to 30 June 2022	70	£20.2	3

6. From Table 1 in comparison to the previous year there has been a reduction in the number of exceptions granted.
7. The main improvement is that only two of the exceptions granted were above threshold; above threshold is fully regulated by the Public Contract Regulations 2015 and the Procurement Act 2023. This is a positive reduction on previous years. The approval of the above threshold exceptions was given by the Cabinet, as detailed in Appendix A to the report.
8. The Council established a Corporate Procurement Board in January 2024 which must approve all exceptions; this increased visibility and allows for greater scrutiny. The Council has also improved its use of procurement pipelines so that closer attention is given to contracts that may be nearing their end date or value. These actions, in conjunction with regular training, communication and the procurement toolkit have reduced the number of exceptions that have been required over the last 12 months and will continue to do so.
9. Improving forecasting through pipelines and early engagement with the procurement team will ensure avoidable exceptions are reduced.

#### **Approved Contract Extensions and Modifications where no provision in the Contract**

10. During the reporting period 1 April 2024 to 31 March 2025, in compliance with Rule 30(c) and Rule 30(e) (PCR2015) and Rule 46(b) and 48(k) (PA23) of the CPRs there were twenty-one contracts either where there was no provision

within the original contract for an extension or where the proposed contract variation required such approval. Details of these are set out in Appendix A attached to this report. Appendix B provides details on Rule 30 (c)(e) and Rule and 46 (b) and 48 (k).

11. The increase in modifications where there was no provision in the original contract is mainly due to transitional compliance with the introduction of the Procurement Act in February 2025, to align with the Procurement Act requirements and timescales.

A comparative table of approved contract extensions and modifications over the last 3 years is provided in Table 2 below:

<b>Table 2: Comparison of Approved Contract Extensions and Modifications</b>			
Reporting Period	Number of Approved Modifications Or Extensions	Total Value of Contracts (including value of approved extensions/modifications)	No of Extensions/ Modifications above relevant UK Threshold
1 April 2024 to 31 March 2025	21	£72m	10
1 April 2023 to 31 March 2024 Reporting timelines changed to align with financial year.	11	£125m*	2
1 July 2022 to 30 June 2023	13	£26m*	6
1 July 2020 to 30 June 2021	7	£26.3m*	2

\* Includes value of contracts not caught by the full Public Contracts Regulations regime.

12. Chief Officers continue to collectively review all contract exceptions, extensions and modifications on a quarterly basis, as part of corporate performance monitoring.

### **Approved Provider Selection Regime (PSR) procurements**

13. The provider selection regime (PSR) replaced aspects of the procurement regulations for health services in January 2024. All organisations must include information about procurement decisions made under PSR in their annual reporting.
14. During the reporting period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025 there were eleven contracts awarded under PSR. One using process A, three using process B,

five using process C and two under the competitive procedure. Details of these are set out in Appendix A of this report.

### **Future reporting arrangements**

15. The future reports on the operation of the Contract Procedure Rules will remain aligned with the financial year (1<sup>st</sup> April – 31<sup>st</sup> March).
16. A further report to the Corporate Governance Committee will be presented every January to allow for capture of annual changes and updates to the Contract Procedure Rules.

### **Equality Implications**

17. The Rules ensure that all potential suppliers and suppliers receive equal treatment when bidding for contracts.

### **Human Rights Implications**

18. The Rules ensure that all procurements consider human right implications before commencing. There are no human rights implications for this report.

### **Recommendations**

19. It is recommended that the operation of the Contract Procedure Rules between 1<sup>st</sup> April 2024 and 31<sup>st</sup> March 2025 be noted.

### **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](mailto:declan.keegan@leics.gov.uk)

Lauren Haslam  
Director of Law and Governance  
Tel: 0116 305 6240  
Email: [lauren.haslam@leics.gov.uk](mailto: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](mailto:Kay.Springthorpe@leics.gov.uk)

## **Appendices**

Appendix A - Details of approved Exceptions and Contract Extensions/ Modifications  
(April 2024 – March 2025).

Appendix B – Details of the applicable Rules in this report.

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