



CORPORATE GOVERNANCE COMMITTEE – 26th JUNE 2026

ANNUAL REPORT ON THE OPERATIONS OF CONTRACT PROCEDURE RULES

JOINT REPORT OF THE DIRECTOR OF CORPORATE RESOURCES AND THE ASSISTANT 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 1st April 2025 and 31st March 2026.

Background

2. The Contract Procedure Rules are the Council's formal rules to govern how it buys goods, services and works. They are 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 Assistant 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 Council continues to operate under two sets of procedures, the Procurement Act 2023 for all new procurements and Public Contract Regulations 2015 for historic contracts.

Approved Exceptions to the Rules

5. Between 1st April 2025 and 31st March 2026, twenty seven 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. In Appendix B details are provided on Rule 6 and 57.

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

Table 1: Comparison of Approved Exceptions			
Period	Number of Approved Exceptions	Total Value of Approved Exceptions	No. of Exceptions above relevant UK Threshold
1 st April 2025 to 31 st March 2026	27	£4m	2
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

6. From Table 1, in comparison to the previous year there has been a significant reduction in the number of exceptions granted.
7. This improvement has been supported through closer scrutiny of procurement pipelines and spend data to identify requirements at an earlier stage. The Commissioning Support Unit has also worked proactively with departments to support compliance with procurement processes and to help secure value for money. Quarterly compliance reporting has also been provided to the Corporate Management Team (CMT), with analysis by department to support targeted accountability. This reflects the fact that CMT, as directors of the relevant departments, are best placed to influence behaviour and drive improvement.
8. Improving forecasting through pipelines, early engagement with the procurement team and improved category management will continue to ensure avoidable exceptions are reduced.

Approved Contract Extensions and Modifications where no provision in the Contract

9. During the reporting period 1st April 2025 to 31st March 2026, in compliance with Rule 30(c) and Rule 30(e) (PCR2015) and Rule 45(b) and 48(k) (PA23) of the CPRs, there were thirty-seven 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. In Appendix B, details are provided on Rule 30 (c)(e) and Rule and 45(b) and 48(k).
10. A comparative table of approved contract extensions and modifications over the last 3 years is provided in Table 2 below:

Table 2: Comparison of Approved Contract Extensions and Modifications			
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 2025 to 31 March 2026	37	£355m*	15
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

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

11. The increase reflects a number of individual cases arising from differing operational requirements during the year, rather than any single identifiable trend or systemic issue. Each modification was considered and approved on its own merits in line with the Contract Procedure Rules.
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 1st April 2025 to 31st March 2026 there were three contracts awarded under PSR. Two using process B and one using process C. 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 (1st April – 31st March).

16. A further report to the Corporate Governance Committee is 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 contents of this report on the operation of the Contract Procedure Rules between 1st April 2025 and 31st March 2026 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

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Appendices

Appendix A - Details of approved Exceptions and Contract Extensions/ Modifications
(April 2025 – March 2026).

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

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