
**Report of the Corporate Director Resources and Director of
Governance and Legal Services**

**Contract Standing Orders & Procurement Rules and Financial Procedure
Rules**

Reason for this Report

To update the Council's Contract Standing Orders and Procurement Rules ('CPR') and Financial Procedure Rules ('FPR').

Background

1. The Council is required to make standing orders with respect to the making of contracts for the supply of goods or materials and execution of works (S135 Local Government Act 1972). This report proposes that the Council's CPR are updated and take the form set out in Appendix A.
2. The Council is required to arrange for the proper administration of its financial affairs. This report proposes that the Council's Financial Procedure Rules are updated and take the form set out in Appendix B.

Issues

3. As Members will be aware, Cardiff Council's Constitution sets out how the Authority operates, how decisions are made and the procedures, which are to be followed.
4. The Constitution provides that :-
 - (a) The management of the Authority's financial affairs will be conducted in accordance with the Financial Procedure Rules (the FPR); and
 - (b) Every contract made by the Authority will comply with the Contract Standing Orders and Procurement Rules (the CPR).
5. Both rules are subject to periodic review to ensure that they remain relevant and fit for purpose.

Issues

6. Contract Standing Orders and Procurement Rules (CPR)

- (i) The CPR provide a corporate framework for the procurement of all Goods, Services and Works for the Council, including concession contracts.
- (ii) Procurement is “the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.”
- (iii) The CPR have been drafted to address each stage of the procurement process.
- (iv) The key changes proposed to the CPR include:
 - (a) the move to electronic tendering, with more self-service by client service areas;
 - (b) increased emphasis on Community Benefits;
 - (c) changes to the advertising and tendering thresholds, and
 - (d) changes to the authority to approve variations.

7. The current advertising and tendering thresholds and the proposed changes are set out in the tables below. Works contracts tend to be of higher value than contracts for goods and services and for this reason, higher thresholds are proposed for works contracts:

Current thresholds
Goods, Services and Works
Up to £3k – one quote
£3k to £10k – two quotes
£10k to £100k – advertise or three written tenders
£100k to OJEU threshold – advertise or four written tenders
OJEU threshold and above – Comply with EU requirements

Proposed thresholds	
Goods and Services	Works
Up to £10k – minimum of one quote *	Up to £10k – minimum of one quote *
£10k to £25k – three quotes	£10k to £75k – three quotes
£25k to OJEU – advertise or four tenders	£75k to OJEU – advertise or four tenders
OJEU - Comply with EU requirements	OJEU - Comply with EU requirements

(* There is a requirement to ensure that the way forward represents value for money and competition is encouraged)

8. If the amended CPR are approved, then to assist with their implementation, supporting guidance and training sessions (both in a classroom environment and on-line) will be provided.

9 Financial Procedure Rules

9.1 The Financial Procedure Rules ('FPR') document has been reviewed by officers within Internal Audit. It had been identified that the FPRs, as currently extant, do not fully reflect the parameters within which the Council operates and, therefore, they required updating.

9.2. The FPRs have, therefore, been redrafted to ensure that the key risks and controls for the financial control environment of the Council are fully covered.

10. Consultation

10.1 Draft versions of the CPR and FPR were submitted to members of the Audit Committee for comment.

10.2 As regards the CPR, there have been a number of consultation events with officers from different directorates and the feedback from these sessions has been used to guide and shape the changes to the CPR.

Legal Implications

The legal implications are reflected in the body of the report and in the drafting of the CSO.

In considering this matter, regard should be had, amongst other matters, to:

- (a) the Council's duties under the Wellbeing of Future Generations (Wales) Act 2015, (The CSO noting at paragraphs 1.4 and 3.2 the requirement to comply); and
- (b) Public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties the Council must in making decisions have due regard to the need to:
 - (a) eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by that Act;
 - (b) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
 - (c) foster good relations between people who share a protected characteristic and those who do not.

Protected characteristics are:

- (a) Age;
- (b) Gender reassignment;
- (c) Sex;
- (d) Race – including ethnic or national origin, colour or nationality;
- (e) Disability;
- (f) Pregnancy and maternity;
- (g) Marriage and civil partnership;
- (h) Sexual orientation;
- (i) Religion or belief – including lack of belief.

In Wales, public sector bodies listed are required to take certain steps in order to demonstrate that they have due regard to the public sector equality duty. These Welsh specific equality duties include assessing the impact of policies and procedures on equality (often called Equality Impact Assessment).

A Wellbeing and Equality Assessment has been undertaken and is included in Appendix C. Regard should be had to the same in reaching a decision on this matter.

Financial Implications

The financial implications are covered within the main body of the report and the attached annexes for approval, the Contract Standing Orders and Procurement Rules and the Financial Procedure Rules.

RECOMMENDATIONS

The Constitution Committee is recommended to:

- (1) approve the Contract Standing Orders and Procurement Rules ('CPR') and Financial Procedure Rules ('FPR') attached as Annexe A and B to this report; and
- (2) to delegate authority to the Corporate Director Resources to amend the FPR and to the Director of Governance and Legal Services to amend the CPR to accord with any changes to legislation and to make any other amendments that may be required from time to time, which do not serve to materially alter the FPR or CPR.

Christine Salter
Corporate Director Resources

Davina Fiore
Director of Governance and Legal Services

28 February 2018

The following Appendix is attached:

Appendix A Contract Standing Orders and Procedural Rules

Appendix B Financial Procedure Rules

Appendix C Well being and Equalities impact Assessment

The following Background Documents have been taken into account: