

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

13 DECEMBER 2022

### REPORT OF THE CHIEF OFFICER – LEGAL & REGULATORY SERVICES, HR & CORPORATE POLICY

#### AMENDMENT TO CONTRACT PROCEDURE RULES

#### 1. Purpose of report

1.1 The purpose of this report is to:

- seek approval from Cabinet to amend the lower financial threshold for obtaining three quotations for works, goods and services from £5,000 to £10,000 within the Contract Procedure Rules to take effect from 1st January 2023;
- to recommend to Council an amendment to the Constitution to incorporate the revisions to the Contract Procedure Rules.

#### 2. Connection to corporate well-being objectives /other corporate priorities

2.1 This report assists in the achievement of the following corporate well-being objective/objectives under the **Well-being of Future Generations (Wales) Act 2015**:

- **Smarter use of resources** – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being objectives.

#### 3. Background

3.1 The Council is required to ensure the Contract Procedure Rules, which form part of the Council's Constitution, are reflective of current market pressures, and are fit for purpose.

3.2 The Contract Procedure Rules contain the rules and guidelines for procuring goods, services and works. They are designed to ensure compliance with UK law, ensure best practice is followed and best value is achieved in the use of public funds. They contribute to delivering services more efficiently with a focus on collaboration and partnership working and maintain strong and sustainable financial performance.

#### 4. Current situation/proposal

- 4.1 In order to procure goods, services and works above £5,000 a service must obtain three quotes. This has proved to be unmanageable due to the volume of quotations across the Council, leading to delays on service delivery. There are a number of reasons for this.
- 4.2 The Russian invasion of Ukraine has led to food prices going up dramatically by reducing the amount of grain available globally and the supply of many raw components and imported materials.
- 4.3 Underpinning all spend across the Council, the main driver for proposing an increase in the financial threshold from £5,000 to £10,000 for obtaining three quotations is the increase in costs of wholesale gas and electricity, up by 404% and 346% respectively in the past 12 months ( October 2021 to October 2022 - The Guardian/Ofgem) . These huge increases coupled with the increase of the costs of consumer goods and supply chain bottlenecks has led to the Consumer Price Inflation (CPI) now standing at 11.1% (Office of National Statistics - [www.ons.gov.uk](http://www.ons.gov.uk)).
- 4.4 A benchmarking exercise has shown that an increase to £10,000 for obtaining three quotations is in line with neighbouring councils.
- 4.5 A copy of the proposed amendments to the Contract Procedure Rules is shown via tracked changes at **Appendix 1**.

## **5. Effect upon policy framework and procedure rules**

- 5.1 This report proposes an amendment to the Council's Contract Procedure Rules. The amended lower financial threshold within the Contract Procedure Rules are mandatory for all commissioning/procurement staff to comply with. The Contract Procedure Rules are a fundamental part of the Council's Constitution.

## **6. Equality Act 2010 implications**

- 6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services, and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

- 7.1 Long term - To improve the council's accountability to ensure value for money.

Prevention – To support the supply chain due to increasing utility and material costs, coupled with increase in cost of living

Integration - To embed thresholds across the council

Collaboration - Collaborating through consistency with neighbouring councils

Involvement - Feedback from colleagues across the council and neighbouring councils

## **8. Financial implications**

8.1 There are no financial implications regarding this report

## **9. Recommendations**

9.1 It is recommended that Cabinet:

- (i) approve the change to the lower financial threshold from £5,000 to £10,000 for obtaining three quotations within the Contract Procedure Rules as shown at **Appendix 1** to this report, to take effect from 1st January 2023;
- (ii) recommend to Council an amendment to the Constitution to incorporate the revisions to the Contract Procedure Rules.

Kelly Watson

**Chief Officer - Legal & Regulatory Services, HR & Corporate Policy** 22<sup>nd</sup> November 2022

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### **Background documents:**

None