

16<sup>th</sup> November 2020

**ADOPTION OF REVISED CONTRACT PROCEDURE RULES**

**Purpose of Report**

This report proposes the adoption of a new suite of Contract Procedure Rules as part of the MCA's Constitutional documents. The adoption of new Contract Procedure Rules will ensure that the MCA's core processes remain fit-for-purpose as its business evolves.

**Thematic Priority**

All.

**Freedom of Information and Schedule 12A of the Local Government Act 1972**

This paper will be available under the Combined Authority Publication Scheme

**Recommendations**

- The MCA approves the adoption of the proposed Contract Procedure Rules

**1. Introduction**

- 1.1** All public bodies are required to set Contract Procedure Rules (CPRs). These rules set the parameters through which public bodies will acquire goods and services and detail the formal processes through which they will go to ensure compliance with regulation and good practice.
- 1.2** CPRs form part of each public authority's suite of constitutional documents and in the case of the MCA can only be revised following approval from the Board.
- 1.3** The MCA adopted a set of CPRs in its constitution in 2014 that reflected ways of working and best practice at the time. Since that time a number of internal reviews have recommended that the MCA revisit the CPRs to better align to new management structures and take the opportunity to strengthen controls.
- 1.4** Following an independent review of the CPRs and engagement with the statutory officers, a new suite of CPR documents have been developed. These CPRs are wholly compliant with regulation, and better reflect the MCA's ways of working since procurement and contracting functions were moved 'in-house'. The revised CPRs will strengthen controls and promote greater emphasis on priority issues including Social Value and equality and diversity.

## 2. Proposal and justification

- 2.1** Upon its incorporation in 2014 the MCA adopted a set of CPRs based on those used by Sheffield City Council (SCC). The adoption of those CPRs reflected that, at the time, procurement services were afforded to the MCA under contract from SCC, so aligned processes allowed the MCA to receive a seamless service from SCC's wider procurement function.
- 2.2** Over time the MCA's ways of working have naturally evolved and diverged from initial processes, culminating in the MCA developing its own internal teams to manage support functions such as procurement.
- 2.3** Following a number of recommendations from the MCA's internal audit function to consider revising the CPRs to reflect these new realities, an independent review of the CPRs was commissioned.
- 2.4** The findings of that review reflected that there was a need to better align the CPRs to new management structures, and that there were opportunities to strengthen ways of working to afford the MCA better process controls. Furthermore, the report reflected on the need to bring the CPRs into line with procurement regulations that had changed since the first adoption and opportunities to improve considerations around social value and equality and diversity in the MCA's procurement practices.
- 2.5** Following engagement with the statutory officers a revised suite of CPRs is proposed. The revised documentation is substantially different in presentation but affords the MCA a framework properly aligned to ways-of-working, wholly compliant with regulation, and supportive of emerging priorities.
- 2.6** The proposed CPRs will strengthen the MCAs procurement processes and improve the internal control environment.
- 2.6** As the MCA's business grows in scope, quantum, and complexity it is essential that its processes evolve with it. This report commends the new CPRs to the Board and recommends adoption of them.

## 3. Consideration of alternative approaches

- 3.1** Internal audit and independent reviews of the MCA's existing CPRs has highlighted examples of control deficiencies and non-compliance with regulation. In this context, inaction is not an option and the CPRs must be amended.

## 4. Implications

### 4.1 Financial

The CPRs govern how the MCA will acquire goods and services, and how the contracts for those items will be managed.

The proposed CPRs substantially improve internal controls and will promote a more robust approach to procurement activity.

### 4.2 Legal

Section 135 Local Government Act 1972 requires a local Authority to make standing orders relating to the award of contracts. The MCA's constitution will be updated to include the amended procedure rules.

**4.3 Risk Management**  
N/A

**4.4 Equality, Diversity and Social Inclusion**  
N/A

**5. Communications**

5.1 N/A

**6. Appendices/Annexes**

6.1 Appendix A: Revised Contract Procedure Rules

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| Report Author       | <b>GARETH SUTTON</b>                     |
| Post                | <b>GROUP FINANCE DIRECTOR</b>            |
| Officer responsible | GARETH SUTTON                            |
| Organisation        | SHEFFIELD CITY REGION MCA                |
| Email               | Gareth.sutton@sheffieldcityregion.org.uk |
| Telephone           |  |

Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ