

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

ADMINISTRATION COMMITTEE - 29 SEPTEMBER 2011

**REPORT BY THE EXECUTIVE DIRECTOR FOR FINANCE,
INFORMATION SYSTEMS AND PROPERTY**

CHANGES TO THE CONTRACT REGULATIONS

This report recommends that the Council be recommended to make changes to the Council's Contract Regulations

FOR DECISION

1. INTRODUCTION

- 1.1 The Contract Regulations were last amended in November 2010, to take into account the impact of the EU Remedies Directive, the recommendations of a number of Internal Audit reports and to enable the Council to meet the requirements of the Government's Transparency Agenda. Since then, Management Board has decided that control over the procurement of IT software and non-standard hardware should be formalised by an additional paragraph in the Contract Regulations; a few minor clarifications to the terminology used are also required.

2. BACKGROUND

- 2.1 The Contract Regulations, found in part four of the Council's Constitution (Section F), are an essential part of the Council's procurement framework which is designed to ensure that all contracts are let lawfully and achieve the best value for money available.

3. PROPOSED CHANGES

- 3.1 Appendix 1 sets out the current regulations with the proposed additions underlined and proposed deletions crossed through. The most significant changes are as follows, (numbering refers to paragraph numbering in the amended regulations):

2.13 requires that all ICT procurement must be authorised by the Council's Head of Information Systems Division before a tender process is initiated, to ensure that relevant ICT standards are applied and followed and that existing and new applications are fully utilised by all relevant departments to enable tri-Borough working.

2.24 b) and d) make explicit the requirement that framework agreements, from which the aggregate spend on call-offs over the lifetime of the framework is likely to exceed £100,000, must also be submitted to the relevant Cabinet Member for approval (Regulation 2.16(b)) together with a written report and recommendation from the relevant director, and then sealed.

4. CONSULTATION

4.1 In preparing these amendments the Head of Strategic Procurement has consulted officers in the Information Systems Division and Legal Services.

5. OPTIONS

5.1 The Committee may approve the proposed changes to the Contract Regulations and recommend to full Council that these changes are adopted or it may decline to do so and give alternative directions to officers.

6. FINANCIAL, LEGAL, PERSONNEL, AND EQUALITIES IMPLICATIONS

6.1 There are no specific financial, legal personnel or equalities implications. The Local Government Act 1972 creates a duty on local authorities to make standing orders with respect to the making of contracts. Section 135 provides:

"(1) A local authority may make standing orders with respect to the making of contracts by them or on their behalf.

(2) A local authority shall make standing orders with respect to the making by them or on their behalf of contracts for the supply of goods or materials or for the execution of works.

(3) Standing orders made by a local authority with respect to contracts for the supply of goods or materials or for the execution of works shall include provision for securing competition for such contracts and for regulating the manner in which tenders are invited, but may exempt from any such provision contracts for a price below that specified in standing orders and may authorise the authority to exempt any contract from any such provision when the

authority are satisfied that the exemption is justified by special circumstances.”

7. RECOMMENDATION

- 7.1 The Administration Committee is asked to recommend the Council to make the changes to the Contract Regulations highlighted in Appendix 1

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