



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Governance and Audit Committee

Wednesday, 23rd July 2025

Report of Councillor Phillip Knowles,
Cabinet Member for Corporate
Governance and Licensing

Contract Procedure Rules Update

Report Author

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Purpose of Report

This report provides details of the proposed updates to the Council's Contract Procedure Rules

Recommendations

The Governance and Audit Committee is asked to review the proposed Contract Procedure Rules and recommend them to Council for approval.

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

Connecting communities
Sustainable South Kesteven
Enabling economic opportunities
Housing
Effective council

Which wards are impacted?

(All Wards);

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The updated Contract Procedure Rules propose changes to the financial thresholds. Should these changes to the thresholds be approved then the Council financial procedures will be updated accordingly.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.2 The Governance and Audit Committee is required to consider any proposed revisions or significant amendments to the Council's Financial Procedure Rules and Contract Procedure Rules. This report facilitates this requirement in respect of Contract Procedure Rules.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1. The Council's Contract Procedure Rules (CPR) were last updated and approved by Council in May 2022. The CPR form part of the Constitution and govern the way in which the Council procures goods, services and works.
- 2.2. It is important these are regularly reviewed as part of the Council's governance process as they contribute to the Council's system of effective internal control and are intended to promote good procurement practice, public accountability and to ensure value for money.
- 2.3. The proposed amendments include updates to reflect the necessary changes in accordance with the requirements of the Procurement Act 2023 (the Act) which came into effect on 24 February 2025.

- 2.4. In addition to incorporating changes relating to the Procurement Act 2023 it has provided an opportunity to review the overall CPR to ensure at an operational level they remain fit for purpose to support efficient and effective procurement.
- 2.5. The proposed amendments incorporate detailed procedural guidance, and enhanced compliance and transparency measures. These changes aim to improve the efficiency, accountability, and effectiveness of the Council's procurement activities. The proposed Contract Procedure Rules are provided in Appendix A.

3. Key Considerations

- 3.1. The current CPR's have been in place since May 2022 and following the introduction of the Procurement Act 2023 it is appropriate to update the current Rules and identify other parts that require reviewing.
- 3.2. Following discussion with internal stakeholders and procurement officers a number of changes are being proposed. This review includes increasing the procurement financial thresholds in order to ensure procurement activities is cost effective, encourages greater participation from local suppliers whilst retaining value for money. This will enable greater flexibility whilst simplifying the Rules.

Procurement Act 2023 – Key Updates

- 3.3. The Act aims to create a simpler and more transparent regime for public sector procurement that will deliver better value for money and reduce costs for suppliers and the public sector. A short guide for suppliers can be found here [The Procurement Act 2023: A short guide for suppliers \(HTML\) - GOV.UK](#)
- 3.4. Procurement procedures have been simplified and the Act introduces two procedures of competitive tendering: the open procedure and the competitive flexible procedure
- 3.5. **The open procedure** is a single stage procedure, and all information is submitted by suppliers at the tender stage. This could be used for a known and simple requirement with a small market where there is no need to reduce the number of suppliers that are assessed.
- 3.6. **The competitive flexible procedure** provides the ability to design your own procurement process. The Council could use this procedure where its requirements are complex, and it would like to have formal engagement with suppliers during a negotiation or dialogue stage. The Council could also assess conditions of participation before inviting a tender submission to reduce the number of suppliers invited to participate.

- 3.7. The Act highlights a transparency by default position by introducing 17 procurement notices. Transparency will apply for the lifecycle of the procurement, for example, from planning procurement pipeline activity and conducting preliminary market engagement, reporting on supplier performance, contract modification and termination notices.
- 3.8. The Act introduces implied payment terms for all public procurement contracts to include a 30-day payment term. This term extends to subcontracts. Contracting authorities are required to publish payment compliance notices every 6 months which will detail compliance with paying invoices within 30 days of receiving the invoice. The aim is to set standards when paying suppliers and promote prompt payment.
- 3.9. As part of the Act, contracts over £5m need a minimum of 3 KPI's and the suppliers performance against the KPIs need to be publicly reported via a new Centralised Digital Platform. In addition, there is an additional 'Payments Compliance Notice' which will need to be issued. Both of these requirements haven't come into effect yet as the Government are still to make the required new functionality available and will therefore come at a later date.

Council Specific Updates

Procurement Thresholds

- 3.10. Following a review of procurement activities and analysis of procurement spend it is proposed to update the procurement thresholds as outlined in the table below:

Route	Current Value	Proposed value
Single Quote	0 - £10,000	0 - £24,999
3 Quotes	£10,000 - £49,999	£25,000 – £99,999
Tender/ FW Mini comp	£50,000 – and above	£100,000 and above

- 3.11. The primary objective for the proposed threshold changes is to create the environment that will enable local suppliers to be directly appointed for low value works as evidence shows that smaller suppliers tend not to tender for works due to the time and cost of doing so. This was evidenced from a number of 'meet the buyer' events held by the Council across the district. This proposed threshold change has the primary benefit of supporting the local supply chain whilst reducing the overall costs as local suppliers will be less likely to sub-contract out parts of the work compared to larger suppliers.
- 3.12. This will provide greater flexibility to award on single quotes which will provide a slightly faster route to contracting.
- 3.13. The current thresholds have been in place for a number of years and are now out of alignment with the average procurement values. These low levels are meaning that there is additional time and resource seeking multiple quotes for low value works.

- 3.14. Whilst the new Procurement Act does aim to remove barriers to allow SMEs (Small and Medium Enterprises) to have a greater chance of winning contracts the new act still requires the Council to consider aggregate spend so under the current thresholds it would still mean they would be under increased competition through the tender process.
- 3.15. Under the under the new internal thresholds (quotes up to £100K), The Council could ask local suppliers to informally quote for each category and award 2 year contracts to the top 2/3 suppliers. This would achieve the following –
- Suppliers are formally contracted
 - Pricing is standardised
 - Much simpler process for suppliers
 - Provides suppliers assurance they will get work for a number of years
- 3.16. Officers will still have the flexibility to consider any requirement whether single quote, multiple quotes, mini competition or tender is most appropriate and provide a scope of the works if required.

Social Value and Sustainability

- 3.17. Local authorities are required to consider how economic, social, and environmental wellbeing may be improved by services that are procured and how procurement may secure those improvements under the provisions of the Public Services (Social Value) Act 2012.
- 3.18. In order to strengthen this element (although the Council currently considers Social Value and Sustainability) it is proposed that a formal weighting is included as part of the evaluation on all tenders above the Procurement Act 2023 thresholds and which will carry as a minimum a 10% weighting to the overall assessment where it is proportionate and applicable.
- 3.19. It is also outlined that officers should consider on a case-by-case basis that Social Value and Sustainability is considered for any lower value contracts providing it is relevant and proportionate to do so.

Local Suppliers

- 3.20. Within the CPRs there is reference to local suppliers which is a subjective heading and is therefore open to a definition. In order to provide clarity, it is proposed that a number of different definitions should be considered. The following are the proposed definitions:
- South Kesteven District – NG and PE postcodes only
 - Lincolnshire
 - East Midlands (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire, Nottinghamshire and Rutland)

- 3.21. The recommendation is to use East Midlands which is in line with other local authority definitions.

Approval and Contract signature levels

- 3.22. The following are proposed in order to update the thresholds in line with procurement spend levels:
- Service Manager or Equivalent role up to £49,999
 - Heads of Service or equivalent £50,000 to £99,999
 - Assistant Directors and Directors over £100,000
- 3.23. Following consideration of the updated CPR they will then be presented to Council approval for their inclusion into the Council's Constitution.
- 3.24. Taking into consideration all of the above points Appendix A provides the proposed update Contract Procedure Rules.

4. Other Options Considered

- 4.1 The Council could choose not to approve the revised Contract Procedure Rules but there would be the risk that the current Contract Procedure Rules become out of date and would not include legislative changes of the Procurement Act 2023.

5. Reasons for the Recommendations

- 5.1. The reason for seeking approval of the revised Contract Procedure Rules are set out in the report and it is a requirement within the constitution that Governance and Audit Committee review the proposed changes before Council approval.

6. Consultation

- 6.1. The draft Contract Procedure Rules will be considered by Governance and Audit Committee, before being presented to Council.

7. Appendices

- 7.1. Appendix A - Draft Contract Procedure Rules