



ARTICLE NO.: 3B

**CORPORATE & ENVIRONMENTAL
OVERVIEW & SCRUTINY
COMMITTEE**

**MEMBERS UPDATE 2015/2016
ISSUE: 1**

Article of: Assistant Director Community Services

Relevant Managing Director: Managing Director (People and Places)

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SUBJECT: EXEMPTION FROM CONTRACT PROCEDURE RULES

Wards affected: Borough wide

1.0 PURPOSE OF ARTICLE

1.1 To advise Members of a recent exemption from contract procedure rules.

2.0 BACKGROUND

2.1 The Council has in place robust rules and procedures, reflecting national and European regulations in relation to the procurement of goods and services.

2.2 However, there are certain occasions where, with appropriate reasons, officers can be approved to procure goods or services in a different way. The Council's Managing Director (People and Places) recently signed an exemption from the Contract Procedure Rules in relation to the procurement of an additional 3 CCTV cameras on the 15th June 2015.

3.0 ISSUES

3.1 The exemption relates to Contracts Procedure rule 7. The estimated value of the contract exceeds £50,000 and as such, normally, tenders would be invited for the work.

3.2 This is not an issue that could be taken to Cabinet due to the timescales involved. The next Cabinet meeting that a report could have been taken to is the 15th September 2015. Generally, after placing an order it takes around 9 months for cameras to be operational. This is largely due to delays with external contractors such as BT and/or Electricity North West. A recent (required) public consultation exercise will have raised the expectations of the public in relation to

the cameras and waiting for the next Cabinet meeting immediately adds a further 3 months to the delivery of the cameras. Concern has previously been expressed by Members in relation to the delays experienced.

- 3.3 The Council has 95 operational CCTV cameras and a further seven due to be completed soon. All of these cameras will have been installed by the same company following two previous tender exercises. The company also (as part of one of the contracts) installed the CCTV suite and was responsible for all the relevant connections. The company also won a separate tender exercise in relation to the maintenance contract. As such they have an extensive knowledge of the system that they also designed. For technical/interoperability reasons a change in supplier would not be practical. Another company, with no experience of all the components of the system, could affect the operation of the system. Equally, with two different sets of engineers working on the system it could prove difficult to prove any liability for unforeseen faults.
- 3.4 As stated, our CCTV installation company have won two tender exercises. Based on our extensive dealings with them we have a good idea of the price of a camera installation and connection and are more than confident that, by entering into negotiations with them, we will ensure that the Council will get value for money.

4.0 ADDITIONAL INFORMATION

- 4.1 The impact of the proposed extension to the “Phase 2” contract was considered with particular regard to the new rules on contract modifications as set out in the Public Contracts Regulations 2015. Regulation 72 permits the addition to an existing contract of services or supplies “that have become necessary and were not included in the original procurement, where a change of contractor cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment...or would cause significant inconvenience or substantial duplication of costs for the contracting authority...provided that any increase in price does not exceed 50% of the value of the original contract”.
- 4.2 Cabinet Office guidance confirms that the 50% limit applies each time a contract is modified (i.e. not cumulatively), provided the change is not aimed at avoiding the procurement rules.
- 4.3 It was considered that the proposed “Phase 4” installation meets these legal, technical and economic tests, and extension of the existing contract was permissible under the new legislation and the exemption was granted.

5.0 SUSTAINABILITY IMPLICATIONS/COMMUNITY STRATEGY

- 5.1 Effective surveillance using overt CCTV systems is likely to reduce crime and/or the fear that is derived from criminal behaviours.
- 5.2 CCTV has a direct link to the Community Strategy in relation to improving safety.

6.0 FINANCIAL AND RESOURCE IMPLICATIONS

6.1 There are no additional financial implications as the funding for “Phase 4” was identified as part of the Council’s budget setting process for 2015/16.

7.0 RISK ASSESSMENT

7.1 This decision will be publicised via the Official Journal of the European Union (OJEU) procurement website and could be challenged. However, the size of the contract and the Council’s valid reasons for the decision are considered to make this unlikely.

Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

The decision does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None.