



**ARTICLE NO:**

**CORPORATE & ENVIRONMENTAL  
OVERVIEW & SCRUTINY  
COMMITTEE**

**MEMBERS UPDATE 2016/2017  
ISSUE: 1**

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**Article of: Director of Leisure and Wellbeing**

**Contact for further information: Mr A Hill (Extn. 5243)  
(E-mail: [a.hill@westlancs.gov.uk](mailto:a.hill@westlancs.gov.uk))**

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**SUBJECT: EXEMPTION FROM CONTRACT PROCEDURE RULES**

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Wards affected: Borough wide

**1.0 PURPOSE OF ARTICLE**

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

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**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 Chief Executive recently signed an exemption from the Contract Procedure Rules in relation to the procurement of an additional CCTV camera on the 3rd March 2016.

2.3 In the budget setting process of February 2015, £95,000 was made available to fund 3 additional CCTV cameras ("Phase 4"). There were to be located in Castlehey, Tanfields and Burscough St in Ormskirk. When the quote for the works was received, it was sufficiently low to allow officers to explore whether an additional camera could be added. Following information from the Police and the Police analyst, the area of Little Digmaor was identified as having high anti-social behaviour issues. Following this, this location was confirmed by the Portfolio Holder for Health and Community Services, in consultation with the Leader. A public consultation exercise was undertaken at the start of March 2016, with supportive comments being received.

**3.0 ISSUES**

- 3.1 An exemption to the Contract Procedure Rules was granted last year in relation to the original 3 Phase 4 cameras. The exemption relates to Contracts Procedure rule 7. The estimated value of the contract exceeds £50,000 and as such, normally, tenders would have been invited for that work. The opportunity to add a further camera does increase the value of the works for Phase 4, but only within the original budget. Given that no tender exercise took place for the 3 cameras it was agreed that one was not necessary for the additional one.
- 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 14<sup>th</sup> June 2016. The price quoted for the additional camera was only valid if the 4 cameras constituting Phase 4 were project managed and installed at the same time. In addition, a recent (required) public consultation exercise will have raised the expectations of the public in relation to the camera and waiting for the next Cabinet meeting immediately adds a further 3 months to the delivery timescales. Concern has previously been expressed by Members in relation to the delays experienced.
- 3.3 The Council has 100 operational CCTV cameras and a further two 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, even when it is for 4 cameras not the original 3.

## **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 and even adding a fourth camera will not increase the budgetary requirement.

## **7.0 RISK ASSESSMENT**

7.1 The decision to add £95,000 worth of work to the Phase 2 contract was publicised via the Official Journal of the European Union (OJEU) procurement website and was not challenged. Therefore there is no risk attached to the decision.

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### **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.