

REPORT TITLE: Annual Update of Contract Procedure Rules for the year ending 31 March 2026

Meeting:	Corporate Governance and Audit Committee
Date:	19 June 2026
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No
Purpose of Report To provide an annual summary of the exemptions and breaches to the Contract Procedure Rules (CPRs) for the period 1 April 2025 to 31 March 2026.	
Recommendations That the Corporate Governance and Audit Committee: <ul style="list-style-type: none"> i. Note the exemption and breaches information recorded for the period 1 April 2025 to 31 March 2026. ii. Note the work undertaken by the Procurement Team to ensure continued compliance with CPRs and procurement legislation. <p>Agrees that the exemption for withholding information under Schedule 12A of the Local Government Act 1972 applies to Appendix 1 and 2, as these documents contain commercially sensitive information and that the public interest in maintaining this exemption outweighs the public interest in disclosure; and therefore agrees that Appendix 1 and 2 be treated as confidential and that the press and public be excluded from any part of the meeting during which Appendix 1 and 2 is discussed.</p>	
Reasons for Recommendations This report provides the Corporate Governance and Audit Committee with an overview of the volume, value and rationale for exemptions from the Contract Procedure Rules, along with an outline of identified breaches. This enables the Committee to consider whether any further controls or actions are needed to reduce risk to the Council. <p>Appendix 1 sets out the exemptions that have been approved and Appendix 2 provides detailed information on breaches of the Contract Procedure Rules. As both appendices contain commercially sensitive material, they should be treated as exempt.</p>	
Resource Implications: There is no specific resource implications.	

Date signed off by <u>Executive Director</u> & name	Rachel Spencer-Henshall – Deputy Chief Executive and Executive Director for Public Health and Corporate Resources (23/04/2026)
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney – Service Director Finance (23/04/2026)
Is it also signed off by the Service Director for Legal Governance and Commissioning (Monitoring Officer)?	Samantha Lawton – Service Director Legal & Commissioning (23/04/2026)

Electoral wards affected: All

Ward councillors consulted: Not applicable

Public or private: Report public, Appendix 1 and 2 private

Has GDPR been considered? Yes, Appendix 2 to be treated as exempt information due to commercial confidentiality.

1. Executive Summary

- 1.1 As a contracting authority, the Council is required to comply with all relevant procurement legislation when awarding contracts. This includes the Procurement Act 2023, the Public Contracts Regulations 2015 and the Provider Selection Regime, which set out the legal framework for conducting procurement exercises.
- 1.2 These legislative requirements are reflected within the Contract Procedure Rules (CPRs), which ensure that all procurement activity is carried out in accordance with current legislation and wider developments in public sector procurement.
- 1.3 A recommendation from the external auditors' Value for Money report advised that the Council introduce annual reporting to the relevant Committee to help identify trends and any actions required in relation to exemptions and breaches of the CPRs. It is also considered good practice to report on this annually.
- 1.4 The Procurement Team supports service areas in running procurement exercises for contracts valued over £25,000, ensuring that procurement activity is undertaken in line with the CPRs.
- 1.5 Rule 6 of the CPRs permits an exemption from competition where one of the justifications set out within the rule applies, allowing a contract to be awarded without undertaking a competitive process. The exemption route remains fully compliant with the CPRs and procurement legislation. For contracts valued over £100,000, approval must be obtained in advance and agreed by the Head of Procurement and/or the Head of Risk. For contracts below £100,000, Service Directors are authorised to approve exemptions. This approval is granted through completion of a business case, which includes input from the Procurement, Legal and Finance teams before authorisation to award a contract by way of an exemption is given.

- 1.6 A breach of the CPRs is recorded when it is identified that a service area has undertaken procurement activity outside the requirements of the CPRs and therefore has not followed the required process. Such activity is deemed non-compliant with CPRs.
- 1.7 This report provides a summary of the exemptions and breaches recorded by the Procurement Team for the period 1 April 2025 to 31 March 2026.

2. Information required to take a decision

2.1 Exemptions to CPRs

In accordance with CPR Rule 6, Service Directors can request that a contract is awarded without opening competition if one of the following justifications apply:

CPR Rule	Exemption Justification (as stated in 2025/26 version of CPRs)
6.1.1	Where there is genuinely only one potential Supplier, such as for works of art and copyrighted material or unique technology, where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement
6.1.2	Items purchased or sold by public auction (in accordance with arrangements agreed by the Head of Risk)
6.1.3	The selection of a supplier whose usage is a condition of a Grant funding approval
6.1.4	The selection of a supplier on the instruction of a third party, providing the whole of the funding is met by the third party
6.1.5	Where CPR 6.11 applies ¹
6.1.6	Counsel or other external legal advice, provided that the Service Director Legal and Commissioning takes steps to ensure that value for money is being obtained
6.1.7	A Supply that is strictly necessary for reasons of extreme and unavoidable urgency, not due to any action or inaction of the Council, with the prior agreement of the Head of Risk
6.1.8	Direct award from an approved Framework (see CPR 5.18) which has validly been set up to be called off on a non-competitive basis and which was set up in accordance with the requirements of these CPR and the Procurement Rules
6.1.9	In respect of the production of a prototype, or supply of other novel goods or services, at the request of the Council
6.1.10	for the supply of goods, services or works by the existing Supplier which are intended as an extension to, or partial replacement of, existing goods, services or works in circumstances where a change in Supplier would result in disproportionate technical difficulties in operation or maintenance or additional cost to the Council
6.3	Trial Purchases; Service Directors may purchase a trial of a Supply which is new to the Council up to £100,000 without competition in order to ascertain if the Supply is of interest to the Council. Where an exception to competition in CPR 6.1 does not apply, a full competition compliant with the CPR must be held following the trial if the Service Director wishes to continue with the type of Supply.
6.4.1	An alternative means of selection of Suppliers to those required by these CPRs is appropriate (e.g. a Supplier shortlist other than described in these CPRs, negotiation with a single supplier not otherwise permitted, etc.) but they must record the reason for their decision and obtain the approval of the Head of Risk.

¹ 6.11 The Head of Procurement may also determine that Supplies of a particular type are to be obtained from Suppliers via a Framework, Dynamic Purchasing System, Dynamic Market or Standing List, and set standards to be established in those arrangements.

6.4.2	Following receipt of Tenders for the Supply, it is appropriate to seek to reduce the overall cost or change other terms of the Supply by negotiation with one or more suppliers which have submitted Tenders.
6.4.3	The use of another local authority as a supplier of services by its own labour or as a procurement agent acting on behalf of the Council without competition as appropriate (although subject to Procurement Rules).
6.4.4	The procuring Service Director and the Head of Procurement may decide that; The use of another local authority as a supplier of services by its own labour or as a procurement agent acting on behalf of the Council without competition is appropriate (although subject to the Procurement Rules).

2.1.1 Exemptions may be applied to contracts valued above £25,000. Service Directors have the authority to approve exemptions for contracts up to £100,000. Certain justifications, such as those relating to urgency or items bought or sold at public auction, must always be approved by the Head of Risk. For contracts exceeding £100,000, Service Directors must also obtain approval from the Head of Procurement before an exemption can be granted.

2.1.2 When an exemption is requested, the service area must complete a business case, which is then reviewed by the Finance, Legal and Procurement teams to ensure that all associated risks are fully considered before a decision is made.

2.1.3 All approved exemptions are reported to the Contract Assurance and Oversight Board monthly. High-value or high-risk exemptions are escalated to this board for consideration before approval by the Head of Procurement, ensuring that the board has corporate oversight of the decision and that any associated risks are fully assessed. The Board reports regularly into Executive Leadership Team to escalate any items that may require further consideration or raise any areas of issue.

2.1.4 The table below provides a summary of the number of exemptions recorded for each directorate during the reporting period. Historic data is included to support comparison.

A summary of each exemption for the financial year covered by this report is provided in Appendix 1:

Directorate	Number of Exemptions Processed		
	01/04/25 – 31/03/26	01/04/24 – 31/03/25	01/04/23 – 31/03/24
Adults & Health	4	1	2
Children's & Families	4	3	2
Public Health & Corporate Resources (PHCR)	8	7	9
Place	23	20	22
Total	38	31	35
Number of competitive procurement processes undertaken	196	257	285
Exemptions as % of all procurement processes undertaken	16.24%	10.76%	10.94%
Total Contracts and Frameworks Awarded	846 ²	554	390

² A number of multi-supplier frameworks were awarded during 2025/26, contributing to the increase in activity, alongside improved visibility of call-off contracts and lower value contracts.

% number of exemptions against total Contracts and Frameworks awarded	4.49%	5.6%	9%
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2.1.5 A summary of the exemption justification relied upon during the reporting period are summarised in the following table:

Exemption justification used	Adults & Health	Children & Families	PHCR	Place	Total
6.1.1	1	1	-	2	4
6.1.2	-	-	-	-	-
6.1.3	-	-	-	-	-
6.1.4	-	-	-	-	-
6.1.5	-	-	-	-	-
6.1.6	-	-	-	-	-
6.1.7	-	-	1	4	5
6.1.8	3	3	5	13	24
6.1.9	-	-	-	-	-
6.1.10	-	-	2	2	4
6.3	-	-	-	-	-
6.4.1	-	-	-	1	1
6.4.2	-	-	-	-	-
6.4.3	-	-	-	-	-
6.4.4	-	-	-	-	-
					38

2.1.6 There is currently no national benchmark that enables a comparison of the number of exemptions processed with those processed by other local authorities. This is because each authority's Contract Procedure Rules and governance arrangements differ and exemptions are defined, recorded and approved in different ways depending on local policy and the circumstances of each case.

2.1.7 Although the number of exemptions processed during the reporting period is broadly consistent with previous years, it is notable that the largest proportion relates to approvals for direct awards made under approved third-party frameworks (Rule 6.1.8 (CPR 2025)). These frameworks are lawfully established to allow non-competitive contracts to be awarded in accordance with procurement legislation. Evidence of this is set out in the table below:

	01/04/25 – 31/03/26	01/04/24 – 31/03/25	01/04/23 – 31/03/24
Number of times CPR 6.1.8 used	24	13	12
Number of exemptions process if CPR 6.1.8 removed	14	18	23
% use of 6.1.8 compared to other exemption justifications	61.5%	42%	34%
Number of competitive procurement processes undertaken (including exemptions undertaken using 6.1.8)	220	270	297
Exemptions as % of all competitive procurement processes undertaken if 6.1.8 not considered as an exemption	5.98%	6.25%	7.19%

% number of exemptions against total Contracts and Frameworks awarded if 6.1.8 removed	1.65%	5.1%	5.89%
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2.1.8 From 1 April 2026, the CPRs have been updated to remove the justification that allowed direct awards from approved frameworks to be treated as exemptions. As frameworks are competitively established at the outset, direct awards made under them will no longer be classified as an exemption from the CPRs. Approval from the Head of Procurement is now required when using an external framework in this way for all contract values. A robust business case must be submitted demonstrating that the proposed award will deliver value for money without reopening competition based on Council specific requirements. This change is expected to reduce the number of exemptions recorded in future years, as the previous approach had artificially inflated the overall volume.

2.2 Breach of CPRs

In the 2026 version of CPRs a Breach is defined as a failure to comply with CPRs, either wholly or partially, this could include (but not limited to):

- i Awarding a contract or making a purchase outside of the prescribed process.
- ii Failing to obtain necessary governance approvals and authorisations.
- iii Failing to disclose a conflict of interest.
- iv Informing bidders of the procurement outcome before the decision has been formally approved.
- v Agreeing significant contract modifications outside of the required process.

2.2.1 The Procurement Team has been informally recording identified breaches of the CPRs since the 2024-25 Financial Year. From April 2026, all breaches will be recorded centrally as the breach process is now embedded into the CPRs.

2.2.2 All breaches of the Contract Procedure Rules are reported monthly to the Contract Assurance and Oversight Board, with summary reports also provided to the Executive Leadership Team.

2.2.3 When a breach is identified, the Procurement Team works with the relevant service area to understand the cause of the breach, ensure staff are aware of the issue and support the service in putting a compliant contract in place. Training is also provided on application of the CPRs as required.

2.2.4 A summary of the number of breaches recorded during the 2024-25 and 2025-26 financial years, along with an overview of the breaches identified during the reporting period, is provided in Appendix 2

2.3 Procurement Arrangements

The Procurement Team work across all Directorates to ensure that procurement processes are undertaken robust and compliant with CPRs and procurement legislation.

2.3.1 The team provides training to officers involved in procurement as required, particularly on running evaluation processes and, where requested, delivering briefing sessions on the CPRs. The team is also responsible for maintaining up-to-date resources on the intranet to support both the procurement and contract management processes.

2.3.2 Work has recently been undertaken to develop the contracts register dashboard to improve visibility of contract expiries and upcoming renewals. This has been rolled out

across the Council and should support timely completion of contract renewal activity.

2.3.3 A training package on the CPRs is currently in development via the My Learning platform which will be available by Summer 2026. This will complement the contract management training package that was launched in 2025.

3. Implications for the Council

3.1 Council Plan

Reporting exemptions and breaches of the CPRs strengthens transparency and accountability across the Council's procurement activity. It supports delivery of the Council Plan by ensuring procurement is conducted in a fair, compliant and value-driven way, enabling better oversight, informed decision-making and continuous improvement in how public money is spent.

3.2 Financial Implications

None directly

3.3 Legal Implications

The Council is required to maintain Contract Procedure Rules under section 135 of the Local Government Act 1972. The Public Contracts Regulations 2015, the Health Care Services (Provider Selection Regime) Regulations 2023 and the Procurement Act 2023 provide the legal framework for the procurement of goods, works and services with which the Council must comply. Any exemption from the CPRs must be considered and approved strictly in accordance with the CPRs and the relevant legislative framework. Any breach of the CPRs may expose the Council to legal, governance and reputational risk and should be recorded, reported and addressed through appropriate remedial action.

3.4 Climate Change and Air Quality

None directly

3.5 Risk, Integrated Impact Assessment (IIA) or Human Resources

None directly

4. Consultation

Members of the Contract Assurance and Oversight Board have been consulted on the contents of this report.

5. Engagement

None directly

6. Options

6.1 Options considered

No alternative options were considered. The Council is required to ensure that all exemptions from the CPRs are carried out in full compliance with the CPRs and procurement legislation. Any breaches of the CPRs should be recorded to maintain accountability and transparency in the use of public funds.

6.2 Reasons for recommended option

The recommended option ensures the Council meets its statutory and regulatory obligations by maintaining transparent oversight of all exemptions and breaches of the

CPRs. This approach strengthens accountability, supports effective governance and promotes consistent compliance with procurement legislation, safeguarding the proper use of public funds.

7. Next steps and timelines

The Procurement training package will be developed and finalised over the coming months. Once complete, it will be rolled out to officers across the organisation via the My Learning platform and promoted to ensure wide awareness and uptake.

In future, information on exemptions and any identified breaches of the CPRs will be reported to the Corporate Governance and Audit Committee annually.

8. Contact officer

Ruth Calladine, Head of Procurement (01484 221000, email – ruth.calladine@kirklees.gov.uk)

9. Background Papers and History of Decisions

[Contract Procedure Rules](#)

10. Appendices

Appendix 1 – Summary of Exemptions April 2025 to March 2026 PRIVATE

Appendix 2 – Summary of Breaches April 2025 to March 2026 PRIVATE

11. Service Director responsible

Samantha Lawton, Service Director Legal & Commissioning