

Scrutiny Bulletin: 8 April 2024

Title of Update: Procurement Quarterly Report – Q1

Relevant Officers: David Hodgson, Director Finance & s151 Officer
Chanelle Busby, Service Lead Commercial & Procurement

Contact for general enquiries:

Jo Quinnell, Assistant Democratic Services Officer, Democratic Services, Room 4.36

Email: jo.quinnell@exeter.gov.uk. Tel: 01392 265197

1. What is the update about?

The councils recently completed Value for Money Audit made a recommendation to consider reporting all contract waivers to members to ensure transparency and accountability in the decision making process and to ensure that members are aware of any movement away from standard procurement procedures and are able to hold the Council accountable for its decisions. As such, a quarterly update will now be provided to Members via this scrutiny bulletin to cover procurement exemptions and additionally contract award data and any other information which might be useful for Members to be updated on.

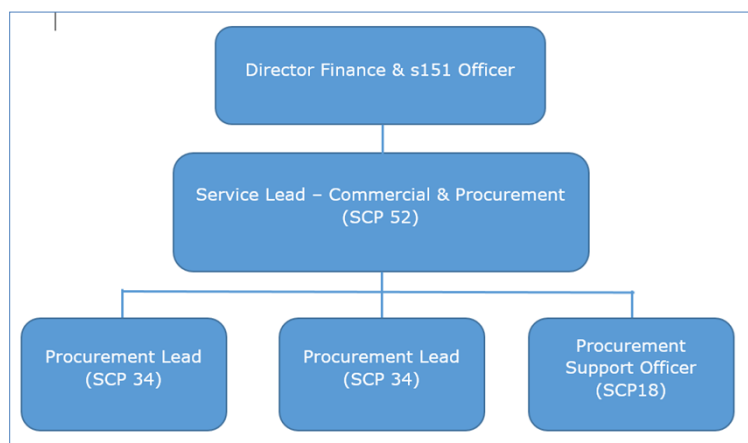
As this is the first of these updates, data has been provided for the last 12 months to set some context. Ongoing updates will be completed quarterly so data will be only for a three month period.

2. Background

The Councils Procurement Team was established in October 2018 bringing with it a centralised procurement function to support Officers across the Council to ensure that contract spend was both compliant and able to demonstrate value for money. Since its inception, new processes and protocols have been established for all elements of procurement activity and there is now a robust gateway sign off procedure ensure appropriate governance on spend is captured.

The initial structure is still in place as shown below, but will likely come under review with the new corporate restructure that is underway.

The current Service Lead is due to leave ECC at the end of May 2024 and this will likely lead to some changes in the way the team works and is led.



At present, the Service Lead and Procurement Leads support Officers with all procurement activity over £100k and as required for lower value spend. This includes identifying the procurement strategy, assisting with the specification writing, drafting and publishing tenders, managing tender questions, managing the evaluation process, completing due diligence checks, drafting and arranging signing of the contracts all in line with procurement rules and legislation.

The Procurement Support Officer provides support to the Service Lead and Procurement Leads on the administrative side of the procurement process and also maintains any documents which the Council is required to publish under the Transparency Act such as the Contracts Register and the Exemption Register. This role is also entirely responsible for day to day support for Officers across the Council on the corporate purchasing ordering system which was implemented in late 2022.

3. Exemptions

The Council's Contract Procedure Rules set out three clear reasons where an exemption can be permitted. These are:

1. **INCREASED COST / LOSS OF INCOME** - The Council will incur significant avoidable costs or lose significant income.
2. **LIMITED MARKETS** – A competitive tendering or quotation process is not appropriate because of limited market conditions.
3. **REPUTATIONAL DAMAGE** – The Council would be criticised for failing to act promptly.

An 'exemption form' is also required where a compliant direct award is made by an officer through an appropriate framework available with mechanism for direct award.

The reason for including this on the exemption form is that it gives a clear audit trail of where the Council is making a direct award and ensures that the decision to do this is justified and signed off at the appropriate level.

The table below shows the number of exemptions made during the last 12 months and the reasons given along with the values of these exempted contracts.

Exemption Reason	No. of exemptions	Value of exemptions
Increased cost	0	£0
Increased cost & Reputational Damage	3	£57,262
Limited Markets	4	£533,210
Reputational Damage	4	£277,695
Limited Markets & Reputational Damage	1	£480,272
Compliant Direct Award	1	£250,000
	Total	£1,598,440

4. Contract Awards

	Number of Contracts Awarded	Value of Contracts Awarded
All Contracts over £5k	77	£3,848,697
All over threshold* contracts	5	£2,242,898

*Current GPA thresholds (Jan 2024): Works £5,372,609, Services £214,904

5. Additional items of interest

Strategy

In January 2024, Executive Committee agreed for the Council to sign up to the new Devon Districts Procurement Strategy. This Strategy sets out some high level themes under which objectives will be delivered within the next four years.

Alongside this Strategy will sit an action plan which is specific to how ECC will deliver their objectives locally. A summary of the action plan and the work planned/ underway will be reported to members on an ongoing basis.

Public Procurement Reform

In October 2024, following over two years of planning and consultation, the new Public Procurement Regulations will be launched.

The Procurement Act 2023 will seek to remove bureaucratic barriers and level the playing field for smaller businesses so they can compete for more contracts.

The main benefits are:

- creating a simpler and more flexible commercial system that better meets our country's needs while remaining compliant with our international obligations
- opening up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts.
- taking tougher action on underperforming suppliers and excluding suppliers who pose unacceptable risks
- embedding transparency throughout the commercial lifecycle so that the spending of taxpayers' money can be properly scrutinised

It is hoped that these changes will drive innovation, deliver better outcomes and embed transparency right through the commercial lifecycle, so everyone can access procurement data and see how money is spent.

A large volume of work will be required to ready the Council for this implementation both in terms of training Procurement staff and Officers across the Council in the new regime and updating our procurement rules and process to take account of the changes.