

## CONSTITUTION AND DEMOCRATIC SERVICES COMMITTEE

<b>Date of Meeting</b>	Thursday, 29 September 2022
<b>Report Subject</b>	Review of Procurement Thresholds for Quick Quotes/Single Supplier Quotes
<b>Cabinet Member</b>	Cabinet Member for Finance, Inclusion, Resilient Communities including Social Value and Procurement
<b>Report Author</b>	Chief Officer (Governance)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Multiple service areas within the Council are increasingly finding that requirements for goods, services and/or works, which twelve months ago would have been under £10k and requiring only one quote, are now consistently more than this threshold due to the current economic climate, the extraordinary cost of inflation and increased market costs.

Due to increased 'Market costs', the Collaborative Procurement Service led by Denbighshire County Council have received requests from multiple service areas to explore the option to raise the threshold for one quote and use of quick quotes.

This report therefore seeks approval to suspend the current threshold of £10k set within the Contract Procedure Rules (CPRs) to proceed with the purchases of goods, services or works following receipt of one quote demonstrating value for money.

The report also seeks approval to amend the current thresholds from £10k to £20k set within the Contract Procedure Rules (CPRs) to proceed with the purchases of goods, services or works following receipt of one quote and to allow use of the Quick Quotes functionality of the 'Proactis' e-tendering system for quotes up to £20k instead of the current threshold of £10k.

### RECOMMENDATIONS

1	Support the suspension the current £10k threshold and increase this to £20k until a full review of the CPR's are undertaken in line with new legislation.
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2	Allow use of the Quick Quotes functionality of the Proactis e-tendering system for quotes for goods, services or works up to £20k instead of the current threshold of £10k.
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE REVIEW OF PROCUREMENT THRESHOLDS FOR QUICK QUOTES AND SINGLE SUPPLIER QUOTES</b>
1.01	Contract Procedure Rules (CPRs), currently stipulate that officers purchasing goods or services up to £10k need only obtain one quote which can demonstrate value for money. This could be undertaken by contacting a supplier directly or can be sought via the Quick Quotes functionality of Proactis e-tendering system, set up for price only quotations.
1.02	Where contracts are worth between £10k - £25k for Goods & Services and up to £250k for Works, officers are required to seek four quotes using the Proactis system. The process can still be evaluated based on price alone (to reflect the simple nature of the goods/services/works at this value), but the process is more elaborate and time consuming.
1.03	<p>CPRs were last reviewed in 2016, at and that point in time, the £10k threshold was deemed to be sufficient for general transactional purchases of low amounts.</p> <p>Due to rising costs/inflation rates in the current economic climate, market costs have increased significantly, taking relatively simple, non-technical goods and services requirements over the £10k threshold of the current CPR's, leading to a more involved, time-consuming, and often unnecessary procurement process.</p> <p>This is now having an adverse effect on both the client, evaluators and procurement portfolios.</p>
1.04	During 2021/22 141 Quick Quotes were issued with a total spend of £429k, whereas for 2022/23, 67 Quick Quotes have been issued with a total spend of £157k.
1.05	CPRs themselves are due for a comprehensive review to reflect changes in the procurement regulations and forthcoming legislation from both national governments (currently passing through the Senedd as the Social Partnership and Public Procurement (Wales) Bill and through UK Parliament as the Procurement Bill 2022). Reviewing CPRs is a major undertaking and any amendments to CPRs must be scrutinised by the Governance and Audit Committee, Cabinet, this committee and Full Council as they form part of the Councils constitution.
1.06	We anticipate the new legislation will be passed in the next twelve and therefore the review of the CPRs will also be conducted in the next 12-18 months.

1.07	Suspending the current £10k threshold and increasing this to £20k until the approval and publication of revised CP's in approximately 12 - 18 months' time is a necessary to ensure procurement operations and resources continue to be deployed effectively.
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<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no additional costs or resources required but amending the CPR's thresholds will reduce the internal cost and resources for both the Collaborative Procurement Service and Service area where the procurement is being undertaken if the services could progress with low value contracts up to £20k expediently.
2.02	Amending the thresholds will ensure that the Collaborative Procurement Service as well as the service area in which the procurement is being undertaken continues to be efficient and making best use of resources by significantly reducing the timeline and resource required for simple contracts up to £20k.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	The purpose of this report is to consult with Constitution and Democratic Services Committee and to seek approval for minor changes to the thresholds in section 4.1 and 4.2 of the Contract Procedure Rules. This is necessary until a full review of the CPRs are undertaken in line with pending Public Contract Regulations and until new CPRs are approved for use by Cabinet and full Council in approximately 12 months' time.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	There is no significant difference to the risk associated with these low value contracts apart from the increase in cost due to inflationary prices in the market – the fundamental nature of the goods, services or works being procured is the same.
4.02	Increasing the threshold will allow client departments to continue to be able to progress with low value contracts expediently rather than having to move up to the next value threshold seeking four quotes via Proactis. The procurement timeline for processing goods, services or works of low values will also be reduced, thereby reducing the complexity of the process, reducing the requirement for procurement assessment, and removing the additional procurement evaluators.
4.03	As we pay invoices after the goods/service are delivered or received or works completed, the financial risks to the Council are very low and other procurement policies, including collaboration, will remain in place.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Contract Procedure Rules (CPRs) – November 2016</li> <li>• The Procurement Bill – a summary guide to the provisions  <a href="https://www.gov.uk/government/publications/the-procurement-bill-summary-guide-to-the-provisions/the-procurement-bill-a-summary-guide-to-the-provisions">https://www.gov.uk/government/publications/the-procurement-bill-summary-guide-to-the-provisions/the-procurement-bill-a-summary-guide-to-the-provisions</a></li> </ul> <p><b>Contact Officer:</b> David Barnes, Revenues &amp; Procurement Manager  <b>Telephone:</b> 01352 703652  <b>E-mail:</b> david.barnes@flintshire.gov.uk</p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Procurement</b> is the process by which the Council manages the acquisition of all its goods, services and works of all sorts. It includes the identification of need, consideration of options, the actual procurement process and the subsequent management and review of the contracts</p> <p><b>Contract Procedure Rules</b> ensure that any procurement process for services, goods or works achieves value for money and is transparent, open and fair. These CPRs have the following key objectives:</p> <ul style="list-style-type: none"> <li>• To ensure that the Council obtains value for money and achieves its duty of achieving best value as defined in section 3 of the Local Government Act 1999;</li> <li>• To ensure that the Council complies with UK law that governs the procurement of goods, services and works;</li> <li>• To establish procurement procedures which, when followed, should protect members and officers of the Council from any allegation of acting unfairly or unlawfully which may be made in connection with any procurement by the Council relating to goods, services or works;</li> <li>• To ensure that any risks associated with commencing procurement processes and subsequently entering into contracts are assessed as part of the procurement process; and</li> <li>• To ensure that fairness and transparency remains at the forefront of all procurement activity undertaken by officers and approved by members on behalf of the Council.</li> </ul>