

BROMSGROVE DISTRICT COUNCIL

Council 21st February 2024

Increase in Key Decision Levels from £50k to £200k

Relevant Portfolio Holder	Councillor Charlie Hotham, Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Pete Carpenter
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Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY

This report came to Council for Approval in July and detailed that there are significant changes to procurement requirements that will come into force on the 1st April 2024. Part of this report requested a raising of the Key Decision limit from £50,000 to £200,000, however this was deferred and more information requested. This report contains that additional information.

2. RECOMMENDATIONS

Council are recommended to approve that:

- **The Key Decision threshold is raised to £200k.**

3. KEY ISSUES

Introduction

- 3.1 Key Decisions are those executive (Cabinet) decisions which are likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.
- 3.2 Members, at the Council meeting in July 2023, were informed that Part 6 of the Constitution contained the Officer Scheme of Delegation. The Scheme of Delegation set out what decisions were delegated to Officers. The Council's Constitution set out that from a financial basis a 'Key Decision' was any item that had a combined financial spend (either as a single item or for the length of the contract) of £50,000 or more. This, it was clarified, included Revenue, Capital and Section 106 allocations.

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- 3.3 Notice needed to be provided by the Council in respect of any Key Decisions due to be taken and this was achieved at the Council through the publication of forthcoming items of business on the Cabinet Work Programme. Once this had taken place Cabinet decisions were actioned via a Cabinet Report and decisions delegated to Officers were actioned and further publicised through Officer Decision notice.
- 3.4 Following presentation of the report in July, Members discussed the proposals. Although Members understood the need to potentially raise the Key Decision threshold due to the nature of some of the contracts within the Council, £200k was deemed too high by some Members and it was requested that the increase be in line with inflation. Given that the changes did not need to be implemented until 1st April 2024, it was requested that this item be deferred and that all Members be provided with further information on the changes and the procurement process going forward.

The Updated Position

- 3.5 A meeting took place with a panel of Members on the 7th February to review additional information supplied. At this meeting a further set of information was requested and this was circulated to Members on the 12th February. Following the addition of this information, the request for the change of the Key Decision Level has now been referred back to Council for approval.
- 3.6 **The additional information requested was how many more man hours of work were required at the £50k level to the £200k level. – this needed quantification to ensure members were making an informed decision.**
- 3.7 The present Contracts Register has 28 Contracts over £200k and 48 between £50k and £200k which relate either directly to Bromsgrove or by a shared nature with Redditch.
- The numbers above suggest circa 8 Key Decisions a year and 12 Lower level decisions at the £200k threshold.
 - This equates to out of an available 220 officer days:
 - 120 days to support Contracts over £200k a year.
 - 36 days to support Contracts between £50k and £200k.
 - 50 days for Compliance work, giving procurement advice and reviewing documentation, pre contract work, assisting departments with overall procurement plans, etc
 - 16 days to update rules and train staff and Members (in March).
- 3.8 If we were to move this so that contracts between £50k and £200k had the same amount of vetting as the new £200k threshold, then an additional 144 days would be required which is almost 2/3 of an FTE.

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- 3.9 BDC direct spend overall is fairly low and does not need the input of the procurement team all the time as spend is in the lower quotation threshold. However, a number of contracts procured through Redditch do impact directly on Bromsgrove.
- The Council procures most of its goods/services through Framework Contracts on which the contractors have already been heavily vetted. The Council does not have the resources to individually undertake its own procurements. The logic of the increase to £200k is that contract lengths using GCloud, as an example of a framework provider, can be up to 4 years. As such this is the existing £50K limit expanded to the full term of revenue contracts. This new threshold will apply to all classes of delegated decision.
 - These joint contracts, lead to time and costs savings as duplicate procurements for both Councils are not required.
 - For larger contracts that require complex support regarding T&C we utilise external legal firms.
 - We explore framework contracts that are already in place first before we tender ourselves to see if a suitable solution is available. This considerably reduces the need for significant intervention from Procurement and Legals Services.
 - Presently we have a commercial procurement team that consists of one Lawyer and One Procurement Officer.
 - A typical larger procurement will need up to possibly 2-3 weeks of support. Smaller procurements will require support in high level compliance checking of a couple of days. In addition to this these officers undertake procurement training, ensure the contracts register is up to date, update procurement rules and strategy, and help with departmental procurement advice. Officers also need to ensure that Waivers and Officer Decision notices are correctly delivered.
 - Service managers are responsible for their own contracts (contract managers) and come to Procurement for advice on how to best procure in the future.
- 3.10 To recap for members, the following controls are now in place to manage contracts and ensure transparency of reporting to Members and stakeholders:
- As part of our commitment to providing financial transparency, Bromsgrove District Council will publish, on a monthly basis, details of goods and services for which we have paid £500 or more. Data is available for Viewing to December 2023
<https://www.bromsgrove.gov.uk/media/7967916/December-2023.csv>
 - The contracts register is available to Officers, Members and the Public to view at the following location on our website.<https://www.bromsgrove.gov.uk/business/existing-businesses/doing-business-with-the-council/procurement/the-councils-e-tendering-portal/contracts-register.aspx>
 - The Council has a European Professional Card (EPC) Card system for small expenditure – which has its own controls on what can be spent and where – based on categories. Spend data is updated on a quarterly basis on The Council website as part of the Transparency Agenda. Data is available up to September 2023
<https://www.bromsgrove.gov.uk/media/7930588/BDC-APR21-SEPT23.csv>

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- As part of the Quarterly Finance and Performance Reports there is a Procurement Section that sets out:
 - All Contracts on the Pipeline that are over £50,000 in value
 - All Contracts procured by Redditch over £50,000 in value that are joint procurements on behalf of both Councils.

Although this information is in the Contracts Register, it is felt that more visibility on the Quarterly Control reports is required. This will continue to happen even if threshold is raised to £200k.

- All new suppliers must be approved by the procurement and payments teams.
- The Council's No Compliance No Order regime which was implemented on the TechOne system on 1st April 2023. With this, an order could not be raised unless it was linked to a contract or an identifiable procurement route.

4. Legal Implications

4.1 No Legal implications have been identified.

5. Strategic Purpose Implications

Relevant Strategic Purpose

5.1 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

Climate Change Implications

5.2 The green thread runs through the Council plan. Procurements by their nature have potential financial implications and these in term can have implications on climate change. These will be addressed and reviewed through individual reports when relevant by climate change officers will ensure the correct procedures have been followed to ensure any impacts on climate change are fully understood.

6. Other Implications

Customer / Equalities and Diversity Implications

6.1 None as a direct result of this report.

Operational Implications

6.2 Managers meet with procurement officers to consider their current procurement position and to ensure actions are in place to mitigate any expenditure that is not contracted properly.

7. RISK MANAGEMENT

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7.1 The financial monitoring is included in the corporate risk register for the authority

8. APPENDENCES

none

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