

Audit & Governance Committee

Date of Meeting: 11 March 2021

Report Title: Waivers and Non-Adherences (WARNs)

Senior Officer: Alex Thompson – Director of Finance and Customer Services - S151 Officer

1. Report Summary

- 1.1. The purpose of this report is to provide an update to the Audit and Governance Committee on the number of cases where, and reasons why, procurement activity has required the use of waivers and/or non-adherences (WARNs). The report covers approved cases between the 1st October 2020 and the 31st January 2021.
- 1.2. The approved WARNs are published retrospectively for information to the next appropriate Audit and Governance Committee. The total number of WARNs to be presented to the March Audit and Governance Committee is 3 (consisting of 2 waivers and 1 non adherence).
- 1.3. All WARNs will be presented to the Audit and Governance Committee without any information redacted. However, they will be presented in Part 2 of the Committee as they may contain commercially sensitive information and/or Officer Details.

2. Recommendation/s

That the Audit and Governance Committee:

- 2.1. Notes the number and reason for 3 further WARNs approved between 1st October 2020 and 31st January 2021 (25 in total to date in 2020/21).
- 2.2. Notes the ongoing implementation of the Contract Lifecycle Management System (CLMS) to support all aspects of commissioning, procurement and contract management referred to at para 5.3.

3. Reasons for Recommendation/s

- 3.1. The Audit and Governance Committee has a key role in overseeing governance arrangements within the Council and has a requirement to retrospectively review all approved WARNs. The WARN process forms part of the Council's Contract Procedure Rules (CPRs), which are intended to promote good procurement and commissioning practice, transparency and clear public accountability.

4. Other Options Considered

4.1. N/A

5. Background

5.1. All WARNs approved in the period between Audit and Governance Committees will be presented to the next Committee meeting. This report contains all WARNs approved from the 1st October 2020 to the 31st January 2021 (3 in total).

The WARN process records the following:

- Waivers to the Contract Procedure Rules – These are agreed waivers in accordance with the Contract Procedure Rules, Part 5. Section 7.1-7.3.
- Non-Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Part 5. Section 7.4-7.10.

Waivers are a compliant part of the Contract Procedure Rules and are used where there is a genuine business case to direct award without the need for competition.

Table 1: WARNs have increased during 2020 / 2021 due to the coronavirus outbreak

WARNs	2016-2017	2017- 2018	2018-2019	2019 - 2020	Apr 2020- Sept 2020
Non-Adherence	33	10	5	1	3
Waiver	40	20	16	17	22
Grand Total	73	30	21	18	25

5.2 The number of WARNs have increased during 2020 / 2021 due to the coronavirus outbreak. Currently 11 of the 25 WARNs completed are due to the outbreak and the Council needing to respond quickly to ensure the supply of goods and service, meaning there are 14 business as usual WARNs.

For the same period in 2019 / 2020 (April – January 2019 / 2020) the Council reported 15 WARNs, so if we remove the COVID WARNs then the numbers are comparable.

5.3 The council has recently procured a cloud-based Contract Lifecycle Management System (CLMS) to support all aspects of commissioning,

procurement and contract management going forward. The system will support the management of 600 plus contracts the council has with external providers.

The system includes four modules, contract management, supplier relationship management, spend analysis and pipeline. The go live date for the contract management module will be early in the new financial year with the other modules to follow shortly after.

The system will

- automate the contract life cycle process
- increase visibility through one central digital repository
- provide audit trails that give access to the whole contract history
- automatic alert notifications to increase contract renewal awareness
- ensure contract compliance and accountability – with all documents, KPI's and savings stored centrally
- Improved document management
- Linking spend to contracts via links with Unit 4 ERP

6. Implications of the Recommendations

6.1. Legal Implications

6.1.1. All employees must ensure that they use any Council or other public funds entrusted to them through their job role in a responsible and lawful manner.

6.1.2. Employees must also seek to ensure value for money and take care to avoid the risk of legal challenge to the Council in relation to the use of its financial resources. The Council's Officer Delegations, Finance and Contract Procedure Rules and Operating Procedures must, therefore, be followed at all times. This report sets out compliance with the Contract Procedure Rules.

6.2. Finance Implications

6.2.1. The Council's Constitution Finance Procedure Rule 2.30; Chapter 3 - Part 4: Section 2 explains that the Corporate Leadership Team (CLT) are responsible for working within their respective budget limits and to utilise resources allocated to them in the most efficient, effective and economic way. This is supported by effective commissioning, procurement processes and appropriate contract management.

6.2.2. Along with comments from Procurement and Legal Officers, Finance Officers are invited to make comments in respect of each WARN, to help ensure Finance Procedure Rules are adhered to in this regard. The comments of Finance Officers focus on whether the Service: has identified

sufficient existing budget to cover the proposal; and has also considered how to achieve best value for money via the particular recommended course of action.

6.2.3 With regard to procurement activity relating to Covid-19, the Council is closely monitoring all additional expenditure in respect of responding to the pandemic and – as required for all local authorities – is reporting summary financial information to the Ministry of Housing, Communities & Local Government on a monthly basis, in terms of Covid-19-related spending and loss of income. The financial impacts on the Council are regularly reported to members.

6.3. Policy Implications

6.3.1. N/A

6.4. Equality Implications

6.4.1. N/A

6.5. Human Resources Implications

6.5.1. N/A

6.6. Risk Management Implications

6.6.1. The focus is the risk that processes are not complied with, which increases the likelihood of legal challenge causing financial and reputational risk to the Council. This includes procurement processes.

6.7. Rural Communities Implications

6.7.1. There are no direct implications for rural communities.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. There are no direct implications for children and young people.

6.9. Public Health Implications

6.9.1. There are no direct implications for public health.

6.10. Climate Change Implications

6.10.1. There are no direct implications for public health.

7. Ward Members Affected

7.1. N/A

8. Consultation & Engagement

8.1. N/A

9. Access to Information

9.1. The background papers relating to this report can be inspected by contacting the report writer.

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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Appendix 1

CPR WAIVERS – CATEGORIES FOR INTERNAL REPORTING

Category Ref	Ref Description
A	Genuine Emergency - which warrant an exception to the requirements of competition
B	Specialist Education or Social Care Requirements
C	Genuine Unique Provider - e.g. from one source or contractor, where no reasonably satisfactory alternative is available.
F	No valid tender bids received; therefore, direct award can be substantiated
G	Lack of Planning
H	Any other valid general circumstances up to the EU threshold
I	No time to undertake a tendering exercise, therefore extension necessary to avoid non-provision of deliverables
J	Procurement from any other source would be uneconomic at this time
K	Added value being offered by the Provider(s)
L	Extension is best option as highlighted in request form
D	Compatibility with an existing installation and procurement from any other source would be uneconomic given the investment in previous infrastructure
V	Covid-19 Exemption
E	In-depth Knowledge, skills and capability of project/services already in existence with consultants/providers carrying out related activity – therefore procuring new consultants/skills would be uneconomic given the investment in previous, related work.