

## **Audit & Governance Committee**

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**Date of Meeting:** 30 September 2021

**Report Title:** Waivers and Non-Adherences

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

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### **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 cases from 1<sup>st</sup> April 2021 to the 31<sup>st</sup> August 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 September Audit and Governance Committee is 10 (consisting of 10 waivers).
- 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 reason for 10 waivers approved between 1<sup>st</sup> April 2021 and 31<sup>st</sup> August 2021 (10 in total in 2021/22).
- 2.2. Notes that the Finance Sub-Committee will review Waivers as part of their responsibility for the pipeline of procurement activity.
- 2.3. Re-considers the process for reviewing Waivers under the new Committee System In light of Recommendation 2.2 (above) and:
  - 2.3.1. Confirms that duplication of effort will be avoided, and individual Waivers will no longer be systematically viewed by the Audit and Governance Committee
  - 2.3.2. Confirms that the Audit and Governance Committee will continue to review Non-Adherences

2.3.3. Confirms that the Audit and Governance Committee will continue to receive an oversight report of all WARNs

### **3. Reasons for Recommendation/s**

- 3.1. The Audit and Governance Committee has an assurance role in overseeing governance arrangements within the Council. The Committee exercises this role in relation to the Council's Contract Procedure Rules (CPRs) by having oversight of the WARN process. The CPRs promote good procurement and commissioning practice, transparency, and clear public accountability.
- 3.2. In introducing the Committee system of governance, from May 2021, Council has allocated responsibility for the procurement pipeline to the Finance Sub-Committee. As such that sub-committee will receive reports on procurement activity, such as contracts awarded, contracts to be advertised, waivers and processes for significant procurement decisions. This improved level of assurance offers the Audit and Governance Committee the opportunity to review the current process of monitoring WARNs.
- 3.3. WARNs cover Waivers which are pre-approved variations from the Contract Procedure Rules, and these form part of the procurement process. Non-Adherence recognises instances where CPRs have not been followed. As such the Audit & Governance Committee can seek assurance from the Finance Sub-Committee that procurement process have followed an appropriate approval process. The Committee can continue to have oversight that this assurance role is working, by assessing reasons and numbers of Waivers, but also by continuing to have sight of any non-adherence where CPRs have not been followed.

### **4. Other Options Considered**

- 4.1. That Audit and Governance Committee continue to seek direct assurance by receiving the copies of Waivers, whilst recognising that this duplicates the work of the Finance Sub Committee.

### **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 1<sup>st</sup> April 2021 to the 31<sup>st</sup> August 2021 (10 waivers 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, Chapter 3, Part 5. Section 7.1-7.4.

- Non-Adherence to the Contract Procedure Rules – This is a breach of the Contract Procedure Rules in accordance with Chapter 3, Part 5. Section 7.5 - 7.12.

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: Waiver's**

<b>Waivers</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>Apr-Aug</b>
	40	20	16	17	25	10

5.2 Although COVID exemptions have reduced to two this financial year, six of the WARNs are a consequence of COVID and the issues it has caused for the care market.

**Table 2: Non-Adherences increased during 2021 / 2022**

<b>Non-Adherence</b>	<b>2016-2017</b>	<b>2017-2018</b>	<b>2018-2019</b>	<b>2019 - 2020</b>	<b>2020-2021</b>	<b>Apr-Aug</b>
	33	10	5	1	3	0

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

6.1.1. The Finance Sub-Committee's function is to co-ordinate the management and oversight of the Council's finances, performance and corporate risk management arrangements.

6.1.2. The Finance Sub Committee's responsibilities include determination of finance issues, including but not limited to Procurement and the establishment of a procurement Forward Plan.

6.1.3. 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.

6.1.4. 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. Waivers are a compliant procurement route within the Rules and oversight of their use forms part of the Finance Sub Committee's oversight and management functions.

6.1.5. The Audit & Governance Committee will receive reports on Non-Adherences as part of their assurance role.

6.1.6. The continued reporting of Waivers to the Audit & Governance Committee will provide assurance on both the operation of the Rules and the oversight and management of a compliant process which seeks value for money but does mean that contracts are awarded without competition.

## **6.2. Finance Implications**

6.2.1. The Council's Constitution Finance Procedure Rule 2.11; 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. There are no direct implications for human resources.

## **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 climate change.

## **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:

Name: Lianne Halliday

Job Title: Senior Manager - Procurement

Email: [lianne.halliday@cheshireeast.gov.uk](mailto:lianne.halliday@cheshireeast.gov.uk)

## 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.