

**Teignbridge District Council**  
**Audit Scrutiny**  
**27 October 2021**  
**Part i**

**Review of the Financial Thresholds - Contract Procedure Rules**

**Purpose of Report**

To seek approval for the proposed changes to the financial thresholds within the Contract Procedure Rules.

**Recommendation(s)**

**The Committee RECOMMENDS to Council that the revision of the financial thresholds within the Contract Procedure Rules be approved as stated in table 2 of 3.7 of the report.**

**Financial Implications**

See section 6

Martin Flitcroft – Chief Finance Officer

Tel: 01626 215246 Email: [martin.flitcroft@teignbridge.gov.uk](mailto:martin.flitcroft@teignbridge.gov.uk)

**Legal Implications**

There are no specific legal implications arising out of this report.

Paul Woodhead, Interim Legal Services Manager and Monitoring Officer

[Paul.woodhead@teignbridge.gov.uk](mailto:Paul.woodhead@teignbridge.gov.uk)

**Risk Assessment**

See section 5

Rosanna Wilson – Corporate Procurement Officer

Tel: 01626 215120

Email: [Rosanna.wilson@teignbridge.gov.uk](mailto:Rosanna.wilson@teignbridge.gov.uk)

**Environmental/ Climate Change Implications**

See section 8

Rosanna Wilson – Corporate Procurement Officer

Tel: 01626 215120

Email: [Rosanna.wilson@teignbridge.gov.uk](mailto:Rosanna.wilson@teignbridge.gov.uk)

**Report Author**

Rosanna Wilson – Corporate Procurement Officer

Tel: 01626 215120

Email: [Rosanna.wilson@teignbridge.gov.uk](mailto:Rosanna.wilson@teignbridge.gov.uk)

**Executive Member**

Councillor Richard Keeling – Executive Member for Resources

## Appendices/Background Papers

### Appendix I – Council Thresholds Benchmarking

#### 1. PURPOSE

- 1.1 To seek approval for the proposed changes to the financial thresholds within the Contract Procedure Rules.

#### 2 BACKGROUND

- 2.1 The Contract Procedure Rules were previously updated in 2020. A review of the financial thresholds within the Contract Procedure Rules has been conducted by The Corporate Procurement Officer.
- 2.2 This review has been undertaken as part of the annual review requirements. Moreover, the external review of our financial operations by Chris West (external consultant appointed by the LGA) suggested reappraising these and our general financial limits.
- 2.3 The 2 main changes relate to:
- The financial thresholds
  - Incorporation of the new procurement portal Supply Devon into the Contract Procedure Rules
- 2.4 Since 1st January 2021, all procurements that are above £189,330 (for goods and services) and £4,733,252 (for works) have been advertised via the Find a Tender (FTS) service <https://www.gov.uk/find-tender>. Prior to 1st January 2021, these procurements were advertised via the EU market entitled Tender Electronic Daily <https://ted.europa.eu/TED/>. Within the thresholds table, all EU references will be replaced with FTS.

#### 3 CHANGES TO FINANCIAL THRESHOLDS

- 3.1 The Corporate Procurement Officer has benchmarked financial thresholds across 7 Devon councils and 7 randomly selected district councils outside of Devon. Please see Appendix I.
- 3.2 It is recommended that the goods and services threshold be raised to £100,000
- 3.3 It is recommended that the works threshold be lowered to £10,000
- 3.4 It is recommended that the thresholds should no longer be split into goods/services and works. Table 1 shows the current 2020 thresholds and Table 2 are the new proposed 2021 thresholds.
- 3.5 The reasons for raising the goods and services tender threshold to £100k are:
- to bring the value in line with other authorities with regards to benchmarking, and;
  - in response to the early observations by Chris West.
  - more efficient tendering

- ability to complete projects within a shorter timescale.

- 3.6 The reason for lowering the Request for Quotation for works is to threshold is:
- to bring the thresholds back into line with goods and services.
  - to have more policing of spend via a Request for Quotation.
  - to have more traffic through the potential new portal 'Supply Devon'

3.7 **Table 1: 2020 Thresholds**

<b>Good and Services</b>	
<b>Total Value (excl. VAT)</b>	<b>Award Procedure</b>
Up to £10,000	A minimum of one written Quotation e.g. via email, but good practice to seek most favourable prices and terms, having regard to the Council's Procurement Strategy.
£10,001 - £50,000	A minimum of three written Quotations via the Procurement Portal
£50,001 – EU Threshold	Invitation to Tender by advertisement.

<b>Works</b>	
<b>Total Value (excl. VAT)</b>	<b>Award Procedure</b>
Up to £15,000	A minimum of one written Quotation e.g. via email, but good practice to seek most favourable prices and terms, having regard to the Council's Procurement Strategy.
£15,001 - £100,000	A minimum of three written Quotations via the Procurement Portal
£100,001 – EU Threshold	Invitation to Tender by advertisement.

**Table 2: Proposed 2021 Thresholds**

<b>Good, Services and Works</b>	
<b>Total Value (excl. VAT)</b>	<b>Award Procedure</b>
£0 - £10,000	<p>A minimum of 1 written quotation however, preferably 3 quotes demonstrating best value for money. Quotes must be sought from suppliers with a Teignbridge postcode.</p> <p>If there are no suppliers based in Teignbridge who can fulfil the requirement; Officers are asked to look at suppliers based in the Devon District.</p> <p>If there are no suppliers based in the Devon district, Officers are asked to look at national suppliers.</p>

	<p>If using national suppliers, please use their geographical location as part of your best value for money evidence e.g. a supplier closer to the Devon district is a more environmentally sustainable solution if delivering goods, or if travelling is needed for services and works.</p> <p>Please use the supplier database in the first instance. If there are no suppliers within the database who can fulfil your requirement, please use internet searches via a search engine.</p>
£10,001 - £100,000	<p>A minimum of three formal written Quotations (Request for Quotation) demonstrating best value for money.</p> <p><i>Please use the Supply Devon portal in the first instance to conduct your Request for Quotation.</i></p> <p><i>If there are no suppliers on the Supply Devon portal who can fulfil your requirement, please use the procurement portal (<a href="http://www.supplyingthesouthwest.org.uk">www.supplyingthesouthwest.org.uk</a>) to conduct your Request for Quotation.</i></p> <p>If not using Supply Devon, Officers have the option to either directly invite specific suppliers to the opportunity via the procurement portal (ideally a minimum of 5 to guarantee 3 responses) or advertise this requirement nationally via Contracts Finder.</p> <p>Once awarded, all awarded contracts must be awarded via Contracts Finder.</p>
£100,000 – FTS Threshold	<p>Invitation to Tender by advertisement via the Find a Tender service and Contracts Finder.</p>

#### 4. INTRODUCING SUPPLY DEVON

- 4.1 Supply Devon is a portal that contains just over 5,000 suppliers based in Devon.
- 4.2 It is a procurement portal that Officers can use for procurements from £10k to £100k. Our standard request for quotation documents can be attached to each opportunity on Supply Devon.
- 4.3 The Supply Devon portal will give Teignbridge District Council access to a wider range of local suppliers in the hope of achieving our objective boosting local spend.

#### 5. RISKS

- 5.1 There are no specific risks foreseen. A formal procurement process will still take place in the form of a Request for Quotations via Supply Devon or the

Proactis procurement portal for projects from £10k to £100k. Therefore, due diligence is still being undertaken. Moreover, Officers will still conduct a financial check for procurements over £50k.

- 5.2 Raising the tender threshold to £100k will mean that less procurements are being advertised nationally. Contracts Finder notices will still be posted once awarded in order to remain transparent. Even though less procurements will be advertised nationally, the benefit will mean that Teignbridge will be directing more spend towards Teignbridge and the Devon district.
- 5.3 There will be extra training needed for procurement champions regarding how to use the Supply Devon portal, however, this can be done within 1 session as the system is very user friendly.

## **6. MAIN IMPLICATIONS**

### **6.1 Financial Implications**

The financial implications may result in additional costs if submissions from smaller local suppliers are higher. The impact will ultimately be defined by relative weightings for price/quality. If quality is important within the award criteria, the value for money aspect will remain i.e. the cheapest price doesn't necessarily mean the best value for money.

## **7. GROUPS CONSULTED**

- 7.1 The financial thresholds within the Contract Procedure Rules have been benchmarked against 7 authorities within Devon and 7 authorities outside of Devon.
- 7.2 Feedback from Chris West has led to this review and report.
- 7.3 Procurement Champions were consulted last year regarding the thresholds and there was agreement that these need to be raised.

## **8. ENVIRONMENTAL/CLIMATE CHANGE IMPACT**

- 8.1 If we can procure more goods, services and works via Supply Devon it will mean that supplies and suppliers will be travelling at the maximum distance of the Devon District which will mean less of an environmental impact compared to national suppliers.

## **9. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)**

10.00 a.m. on 3 November 2021