

BRIEFING NOTE



APPENDIX B

To: Corporate Leadership Team

From: Ade Agboola - Procurement Manager and Alan Mitchell – Director of Finance

Date: 22/05/25

Subject: Wavier Strategy

Summary: This report has been initiated following a review of the waiver process by the new Director of Finance. The purpose of this review is to identify opportunities for improvement in the council's approach to procurement waivers, with a view to strengthening financial discipline, transparency, and accountability

It is important to note that this review does not reflect any inherent fault with the current waiver procedure. The existing process has provided a practical mechanism to support service delivery under specific circumstances. However, the volume and nature of waiver use in recent years, coupled with the council's ambition to adopt best practice and embed a stronger procurement culture, has prompted the need for a refreshed waiver strategy.

This report outlines the current waiver process at Folkestone & Hythe District Council (FHDC), highlights key issues contributing to waiver use, and proposes a revised strategy that reflects best practice. It seeks to reduce overreliance on procurement waivers through stronger governance, training, culture change and effective planning.

Recommendations:

Corporate Leadership Team is asked to approve the following recommendations:

- 1) To note the contents of this report
- 2) To accept the proposed changes to the wavier strategy detailed in paragraph 6

1. Introduction and background

- 1.1 Effective financial management for local government, including procurement, involves strategic planning, resource allocation, risk management, and ensuring compliance with regulations. This includes aligning financial resources with council priorities, monitoring financial performance, and employing best practices in procurement to maximise value and efficiency.
- 1.2 In the context of procurement, waivers are essentially a process of granting permission to deviate from adopted procurement policies or procedures.

1.3 Reasons why a waiver may be granted.

Reason	Justification
Time-sensitive situations	When a purchase is critical or a supplier change is urgent
Sole supplier situations	When only one supplier can meet a specific requirement
Emergency situations	When immediate risk to persons, property, or services

1.4 Permission is granted under Contract Standing Order rules (CSO's) and in particular under Clause 13 in exceptional cases. Approval is by the Chief Officer, Monitoring Officer, and Section 151 Officer

1.5 FHDC currently operates a hybrid procurement model where the procurement process for contracts with a value under £100,000 are managed by service departments and over £100,000 is centralised and managed by the Procurement Team to ensure legal compliance and value assurance,

2. Current waiver process

2.1 The waiver process begins with the requestor completing a waiver form (Appendix 1). This form requires the requestor to provide detailed information on why the waiver is needed, including whether market testing has been conducted and the rationale for granting the waiver. Once completed, the form is signed off by the relevant Chief Officer with comments. It is then forwarded to Procurement for their input before passing on to the Monitoring Officer and Section 151 Officer for final approval.

3. Issues identified

3.1 During recent years and in particularly within the last 12 months we have seen a significant use of waivers and the following issues have been identified.

- High volume of waivers - repeated use of waivers and justifications often lack depth or consistency.
- Inconsistent use of "Chief Officer discretion" to avoid the correct procurement processes being followed.
- Retrospective waiver request - Services often approach Procurement after a supplier has been chosen or work has commenced.
- Cultural reliance on known suppliers or "business as usual."
- Limited challenge in the approval process.
- Threshold Limitations: Chief officers have often requested the review of current CSOs financial thresholds for single and three quotes

4. External Feedback

4.1 To provide context and to understand the use of waivers within other comparative councils three others were contacted and the following table provides information on the volume and general reasons why waivers are used in those authorities.

Authority	Annual Waiver Volume (2024-25)	Key Concerns	Strategies
1	37	Poor planning Lack of notice/time to tender Departmental issues re resourcing for Specification	Mandatory e-learning. Procurement guide
2	22	Cultural Pressure Lack of planning Tendency to direct award	Training Targeting 'worst offenders' etc. Heads of Service/Director discussions etc.
3	8	Poor Planning	Corporate procurement training Early engagement
Folkestone & Hythe	33	Retrospective waivers Cultural reliance on suppliers Poor planning	CSOs reform to thresholds Procurement Training Early Engagement

5. Use of waivers

5.1 Within 2024/25 33 waivers have been recorded with a combined total value of £1,741,254.15. Of these, 12 waivers are under £25,000, amounting to £195,173.50.

5.2 The table below sets out which areas of the Councils used waivers in 2024/25 and shows the number and value. The highest-value waiver, which accounts for approximately 27% of the total waiver value, relates to Temporary Accommodation – a service we are now actively working to procure as a priority

Service Area	No of Waivers	Value
Transportation	1	£13,893.16
Housing & Operations	1	£475,000.00
Corporate Services	1	£30,000.00
Revs & Bens	1	£40,000.00
OD	1	£12,000.00
HR	1	£13,190.00
Waste Management	1	£24,745

Exec	1	£117,000.00
Lifeline	1	£100,000.00
Democratic Services and Elections	1	£43,377.00
Engineering & Buildings	2	£78,385.11
Housing - Tenant Services	2	£56,316.00
Customer Support	2	£138,439.65
Finance	3	£116,190.00
Planning	3	£140,230.00
Regeneration	5	£146,208.00
Housing Assets	6	£196,280.23
TOTAL	33	£1,741,254.15

6. Proposed Improvements to the Wavier Process

To enhance the efficiency and reduce reliance on waivers it is essential to refine the waiver governance and approval process. The proposed improvements focus on establishing clearer criteria, strengthening compliance measures, and enhancing decision-making, all aimed at minimizing the need for waivers and ensuring more consistent adherence to standard procurement procedures. Some of these proposals will require formal amendments to the Council's Financial Procedure Rules, while others can be implemented through system and process changes, strengthened governance oversight, and targeted training and cultural change initiatives.

6.1 Adjusting Thresholds and Delegations

These changes will require formal updates to the Council's Financial Procedure Rules:

- Raise the minimum threshold for requiring 3 quotes from £10,000 to £25,000 (excl. VAT) in line with the Public Procurement Act 2023's "regulated below threshold" definition.
- Establish a clear definition of aggregated spend that includes setting a minimum period (i.e. 36months) for considering cumulative contract values.

6.2 Strengthen Workflow with the Financial Management System

As part of the move to the new Financial Management System (FMS) (effective April 2026), the following process are recommended:

- All purchase orders over £25,000 to have an assigned contact or be routed for Procurement, Monitoring Officer, and S151 Officer approval directly through the FMS
- Enable contract managers to submit change to contract requests through the FMS, allowing Procurement to authorise adjustments via workflow (removing reliance on email chains)

6.3 Governance Oversight

- Introduce a Mandatory Waiver Checklist (See Appendix 2) as a standardised decision record template for Chief Officer, Monitoring Officer, and Section 151 Officer reviews and complete along with the waiver approval
- Clarify and Limit “Chief Officer Discretion” - define “discretion” more narrowly to:
 - Only apply in objectively time-critical or strategically justifiable scenarios.
 - Exclude convenience, familiarity, or late planning as valid reasons.
 - Active pushback is necessary to ensure only well-justified waivers are approved.
- Introduce quarterly review sessions between the Monitoring Officer, Section 151 Officer and Director of Housing and Operations to reflect on recent waivers approved, identify patterns or concerns and flag issues to Procurement or relevant Chief Officers where appropriate. Use template (Appendix 2) to improve transparency and consistency in approvals
- Introduce a quarterly review of waivers by service area reporting to CLT, which provides information on breakdowns by service, value, and rationale type and highlight repeat waiver users or departments for targeted improvement plans

6.4 Training and Cultural Improvements.

- Launch a mandatory e-learning module for all staff responsible for procurement and managing contracts.
- The Procurement Department supported by the Director of Finance to lead a campaign with Directors and Chief Officers to raise awareness and use leadership meetings to reinforce message
- Utilise procurement training section for ongoing awareness and reinforcement, the training would now serve as a key platform for reinforcing waiver approval standards and procurement principles across the organisation. The training should also address the potential for pushback or rejection of waivers when they lack clarity or alignment with strategic goals.
- Encourage a “no surprises” culture:
 - Departments to factor in procurement requirements, including potential waivers, during the budget and service planning processes
 - Engaging Procurement at the earliest planning stages and establish a clear policy that procurement non-compliance may lead to escalation or disciplinary review.
-

7 Conclusion

As this report sets out there are significant issues with the use of waivers and the impact that this has on sound financial governance.

Through the proposals set out in this report will strengthen the understanding of those responsible for procurement and reduce the cultural reliance on waivers.

8 Implications

This section of the report must consider all implications from the below areas. All implications must include comments from the relevant officers in the below areas before final submission.

- **Legal** – No implications at this stage. The recommendation from the report will only strengthen compliance with the Council's Contract Standing Orders and support better adherence to public procurement regulations.
- **Resources** - No implications at this stage. The recommendation from the report are expected to contribute to longer-term efficiency and value for money. Some minor resource (from IT and Finance) input may be required to develop and implement training, amend policies, and adjust the new financial management system workflows accordingly.
- **Equalities** – No implications arising from this report at this stage. The strategy seek to promote transparency and fairness in procurement decisions and therefore supports the Council's equality objectives.
- **Communications** - No implications from this report, at this stage. However, internal communications will be critical to ensure clear messaging to staff, which would include targeted messaging to managers and contract owners through internal briefings and training sessions. The Procurement team will work to coordinate this with the Communications Team.?
- **Climate Change** – No direct implications arising from this report. However, improved procurement planning and reduced reliance on waivers would support the Council's ability to embed sustainability criteria and environmental considerations into its contracts more consistently.
- **General Data Protection Regulations (GDPR)** – Please cross the box to confirm that all personal data has been redacted in the report:

X

[Ade Agboola]
[Procurement Manager]

FOLKESTONE AND HYTHE DISTRICT COUNCIL
Request to Waive Contract Standing Orders

Title of Project:	
Value Per Annum:	
Total Contract Value:	
Contract Period:	
Proposed Contract Start Date:	
Proposed Supplier:	
Officer requesting the waiver:	

Purpose:

1. Background:

-

2. Budget and Policy Framework

-

3. Conflict of Interest

4. Options - Soft Market Testing/Competition:

5. Recommendations:

6. Chief Officer signature and approval to pass waiver request form to Procurement

Comments	
Signed	
Service Area	

Date	
------	--

7. Procurement comments

Comments	
Signed	
Date	

8. Signature and approval of Folkestone and Hythe District Council's Monitoring Officer

Comments	
Signed	
Date	

9. Signature and approval of Folkestone and Hythe District Council's S151 Officer

Comments	
Signed	
Date	

Appendix 2: Updated Waiver Justification Checklist

Review element	Chief Officer	Procurement Officer	Monitoring Officer	S151 Officer
Waiver Justification reviewed	Yes / No [Provide comment]	Yes / No [Provide comment]	Yes / No [optional – brief comment]	Yes / No [optional – brief comment]
Key Risk Areas Identified	Yes / No [Provide comment]	Yes / No [Provide comment]	Yes / No [If no provide comment]	Yes / No [If no provide comment]
Justification aligns with CSOs?	Yes / No	Yes / No	Yes / No [If no provide comment]	Yes / No [If no provide comment]
Further clarification required	Yes / No [If yes provide comment]	Yes / No [If yes provide comment]	Yes / No [If yes provide comment]	Yes / No [optional – brief comment]
Approve or recommendation	Yes / No [Provide comment]	Yes / No [Provide comment]	Yes / No [If no provide comment]	Yes / No [optional – brief comment]
Officer Name & Role	[Name]	[Name]	[Name]	[Name]
Date of Review				