Herefordshire Council

Title of report: Exemptions from Contract Procedure Rules 1 April 2025 - 31 March 20266

Meeting: Audit and Governance Committee

Meeting date: 21 July 2026

Report by: Director of Finance

Classification

Open

Decision type

This is not an executive decision

Wards affected

Purpose

To provide an update on the number of exemptions (waivers) to Contact Procedure Rules (CPRs) which have been granted for the period 1 April 2025 to 31 March 2026 and provide assurance that exemptions are robustly controlled, appropriately justified, and compliant with governance requirements.

Recommendation(s)

That the committee:

a) **Notes the number and nature of exemptions from the CPRs approved in the financial year 2025/2026.**

Alternative options

1. The CPRs require the Section 151 Officer to prepare an annual report on exemptions. The Council could decide not to report this information to the Committee; however this is not recommended as reporting provides transparency and assurance in respect of compliance with the CPRs.

Further information on the subject of this report is available from
Carrie Christopher, , email: carrie.christopher@herefordshire.gov.uk

Key Considerations

2. The Council's CPRs provide the policy for procurement activity across the Council, setting out how contracts for goods, works, services, concessions and utilities should be put in place and managed, and detailing the record keeping and reporting requirements related to procurement activity. They ensure that procurement is undertaken in a transparent, fair and compliant manner, delivering value for money.
3. Exemptions from the CPRs are permitted only in exceptional circumstances and must meet the criteria defined within the CPRs. Commercial and legal services work proactively with departments to ensure that exemptions are only progressed when there is no alternative compliant procurement route. Officers must demonstrate a clear and evidenced rationale for any exemption request.
4. All exemption requests must:
    a. Be supported by a completed exemption form with documented justification aligned to the permitted grounds within CPRs (e.g. urgency, statutory provider, specialist supplier);
    b. Be reviewed by Commercial Services and Legal Services to assess appropriateness and compliance with procurement legislation;
    c. Be approved by the relevant Director in consultation with the Section 151 Officer and Monitoring Officer;
    d. Be recorded on the central exemption register maintained by Commercial Services.
5. Exemptions from the CPRs present an increased risk of procurement challenge, as they involve awarding contracts without full competition. The Council's governance framework is designed to mitigate this risk through legal oversight, financial scrutiny, and robust documentation of the justification for each exemption.
6. The involvement of both the Monitoring Officer and Section 151 Officer in the approval process ensures that legal compliance and financial risk are appropriately considered before any exemption is granted, providing clear oversight and accountability.

Exemption Activity

7. The table below summarises the number of exemptions approved during the financial year (1 April 2025 to 31 March 2026) compared with the previous financial year (1 April 2024 to 31 March 2025) and the number of contracts which commenced during the same period.
8. Appendix 1 to this report lists the exemption requests for financial year 2025/26 and the reason they were supported during the period.

Period	2024/25 Exemptions	No of contracts which commenced during the period *	2025/26 Exemptions	No of contracts which commenced during the period *
Q1 April to June	1	126	3	95
Q2 July to September	3	139	6	106
Q3 October to December	1	96	5	53
Q4 January to March	0	56	3	28
Total	**5**	**417**	**17**	**282**

*source: Council Contracts Register

9. A total of 17 exemption requests were considered during 2025/26, compared with 5 in 2024/25. Of these, 15 were supported and approved and 2 were not supported. While this represents an increase, exemptions remain low in proportion to overall contract activity (17 out of 282 contracts in 2025/26). This demonstrates that exemptions to the CPRs represent a minority of total procurement activity.

Analysis of Exemptions

10. Analysis of the exemptions approved in 25/26 shows:
    a. A significant proportion relate to statutory utilities or works that can only be delivered by a single provider where competition is not possible (e.g. National Grid, Welsh Water), which fall within permitted exemption categories;
    b. Several exemptions relate to urgency, where immediate action was required to protect assets, services or safety;
    c. A smaller number relate to specialist or highly technical services where continuity or compatibility was a key consideration;
    d. Two exemptions were not supported through the governance process, demonstrating that the controls in place are effective in challenging and rejecting requests where the justification is insufficient.

11. Overall, this demonstrates that exemptions are being used in line with the intended purpose of the CPRs and are clearly aligned to CPR exemption categories.

Community Activity

12. In accordance with the adopted code of corporate governance, the Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system.
13. To ensure clear and transparent processes are in place to govern how resources of the Council are effectively managed and supports the Herefordshire Council Plan objectives to manage finances effectively and to demonstrate one of the Council's values, namely, to be open, transparent and accountable.

Environmental Impact

14. The Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
15. Whilst this is a factual update and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy.

Equality duty

16. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
17. The mandatory equality impact screening checklist has been completed for this activity, and it has been found to have low impact for equality. Due to the potential impact of this activity being low, a full Equality Impact Assessment is not required.

Resource implications

18. There are no specific resource implications for this report.

Legal implications

19. The annual report reflects any statutory or constitutional requirements.

Risk management

20. The relevant risks identified below will be managed at a service level and added to the service risk register.

Risk/opportunity	Mitigation
There is a risk that officers do not follow the exemption process as set out in the CPRs and contracts are let outside of the rules.	The CPRs and Contracting Toolkit are available on the intranet. Regular communication goes out via the CE briefing to remind staff of the resources available to support the procurement and contract monitoring activity. Procurement and contract management training is available to all staff.
Lack of robust central oversight may lead to inconsistencies in how exemptions are recorded or applied across service areas.	Ongoing central monitoring by the Commercial Services Team combined with reporting to Audit and Governance Committee will support consistent application and governance of exemptions.

Consultees

21. None.

Appendices

Appendix 1 – List of exemptions for period 1 April 2025 to 31 March 2026.

Background papers

None identified