

Report to the Governance and Audit Committee

Date of meeting:	21 st of May 2026
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Title of Item:	Procurement Thresholds and Amendments to the Contract Procedure Rules

Background

It is timely to review our tender and quotation thresholds in the wake of a change in national contracting and procurement legislation and a significant increase in the cost of goods and services due to inflation.

We recommend increasing the new thresholds to the following:

- Purchases up to £10,000 single quotation (previously £5,000)
- Purchases between £10,000 and £100,000 request three quotations (previously £5,000 to £50,000)
- Purchases over £100,000 open request for quotations or tenders (previously £50,000)

The £100,000 threshold would also be in line with the threshold for the Council's contract sealing arrangements. There is also a need to make further changes to the Contract Procedure Rules, specifically:

- Set a threshold of £100,000 where the Monitoring Officer and Head of Finance need to be consulted for authorising direct appointments.
- Highlight that a 'contract details notice' will need to be published in accordance with national regulations stating the value of £25,000+VAT.

Procurement thresholds are the limit that determine when a formal competition needs to be held to appoint contractors or service providers, and when asking for quotes only is sufficient.

The current procurement thresholds have been in place since 1996. Since then, prices and inflation have increased by an average of about 3% each year. As a result, today's prices are about 2.4 times higher than they were then.

National Procurement Regulations

The method of procuring goods and services is governed by the Procurement Act 2023 that came into force in February 2025. The Council has established Contract Procedure Rules which set out arrangements for the local implementation of these regulations.

From April 2026, the Social Partnership and Public Procurement (Wales) Act will also be fully in force.

It is primarily the monetary value of the contract that determines the extent to which the national regulations apply. The national regulation thresholds are reviewed every two years, with the next review period in January 2028. [PPN 11/23: New Thresholds - GOV.UK <https://www.gov.uk/government/publications/ppn-1123-new-thresholds>](https://www.gov.uk/government/publications/ppn-1123-new-thresholds)

While it is possible to influence and set local arrangements for contracts that have a value below the national thresholds, there is still a need to comply with the national procurement principles. The procurement principles seek to ensure that all public sector procurement is carried out in an equal, fair, transparent and non-discriminatory manner.

Our procurement and contracting arrangements also seek to ensure that we get the best value for money from providers who deliver quality, safely and legally.

Current thresholds

Our current procurement thresholds include the following arrangements:

- Purchases up to £5,000 a single quotation.
- Purchases between £5,000 and £50,000 request three quotations.
- Purchases over £50,000 open request for quotations or tenders.

The method of calculating the contract value has also changed recently where VAT is included. This has meant a real-term reduction in the thresholds.

National Landscape

Although public organisations are governed by the same Procurement Act, procurement and contracting arrangements vary. In 2022, the WLGA undertook an investigation to compare the procurement arrangements and thresholds of Local Authorities in Wales.

Some authorities appear to have set thresholds to coincide with the Welsh Government's Policy Note [WPPN 013 <https://www.llyw.cymru/wppn-013-caffael-syn-gyfeillgar-i-fusnesau-bach-a-chanolig>](https://www.llyw.cymru/wppn-013-caffael-syn-gyfeillgar-i-fusnesau-bach-a-chanolig) and others have a higher threshold. The higher thresholds average around £75,000 with some distinguishing between goods and services and the threshold for works (construction).

The Welsh Government Policy Note encourages tendering opportunities to be openly advertised over £25,000 + VAT. This is to encourage open competition and to try to make businesses more aware of the opportunities and apply for work.

Neither the Welsh Government nor the WLGA intends to harmonise the thresholds across Welsh Local Authorities.

For information, the thresholds for some of the North Wales councils are:

Local Authority	Current Tendering Thresholds	
	Goods and Services	Works (Construction)
Conwy Council	£50,000	£50,000
Denbighshire Council	£25,000	£250,000
Flintshire Council	£25,000	£250,000
Cyngor Gwynedd	£50,000	£50,000
Isle of Anglesey County Council	£214,904	£5,372,609
Wrexham Council	£25,000	£75,000

Considerations

There are a number of factors to consider when adjusting the thresholds, I would assume changes would entail;

Lower thresholds:

- Open competition and value assurance
- Transparent award and appointment arrangements by stating criteria
- A comprehensive process that provides an opportunity to assess the complete aspects of the purchase

Higher thresholds:

- More direct appointments
- Earlier appointment arrangements with the need for less administrative resources
- Limited competition to achieve value assurance

Higher thresholds are an opportunity to support local businesses in providing flexibility in our procedures to invite local companies to submit quotations. There would also be an opportunity to include in the procedures arrangements to encourage open competition where a number of local businesses also exist. It would also be necessary to be vigilant that local start-ups have the opportunity to apply for work and that higher thresholds do not mean that there is no need to review arrangements before renewing contracts.

It needs to be pointed out that a large proportion of the Council's contracts exceed the national thresholds.

Areas of Construction and Construction Work

There are different national thresholds for goods and services in the areas of Care and Construction (works). The thresholds where the national regulations apply are £663k for areas of care and £5.3m for construction works.

For consistency and to simplify the arrangements of our contract procedure rules, I would recommend that all areas we procure follow the same quotation and tender thresholds.

Changes to the Contracts Procedure Regulations

The minor changes to the regulations are intended to raise awareness of the value of the contract where a contract details notice needs to be published.

Consultation with the Monitoring Officer and Head of Finance for authorising direct appointments is included to ensure compliance and appropriate use of these arrangements.

Appendices

Appendix 1 - Rheolau Gweithdrefn Contractau 29-1-26 DRAFFT NEWYDD

Appendix 2 - Contract Procedure Rules 29-1-26 NEW DRAFT