

Delegated Officer Report

Decision Maker:	Mike Barker – Strategic Director of Commissioning and Chief Operating Officer
Date of Decision:	19 th January 2022
Subject:	Approval to award the Contract for a Purchase Ledger Review to Meridian Recovery Audit
Report Author:	Emily Molden, Senior Category Manager
Ward (s):	N/A

Reason for the decision: To award a call-off the contract to Meridian Cost Benefit Limited t/a Recovery Audit to undertake a purchase ledger review comparing the ledger transactions of both the Council and Supplier's to identify anomalies. These anomalies will result in 'cash recoveries' and a review report of how these anomalies occur along with recommendations for improvements.

Summary: The purchase ledger review is an audit which will compare the Council's ledger transactions with supplier sales ledger transactions looking for:

- Duplicated transactions and error payments
- Credit notes and misallocations where the Council have not achieved value from suppliers
- Under-recovered VAT
- Debt balances

The above anomalies will result in 'cash recoveries' and the Council will retain as a minimum 83% using the following fee scale:

Recoveries	Fee
£1 - £50,000	17%
£50,001 - £150,000	17%
£150,001 - £500,000	16%

£500,001 - £1,000,000	10%
£1,000,000+	2%

The above structure is entirely performance related, therefore if no anomalies are found there will be no charge to the Council. The average 'cost recoveries' per project however is approximately £300,000.

In 2020 Blackpool Council undertook a mini competition under the Crown Commercial Service Framework RM3820. The mini competition was on behalf of itself and a number of local authorities in the North west, including Oldham Council. A Call-Off Contract was then entered into with Meridian Cost Benefit Limited t/a Recovery Audit as the sole supplier.

It is proposed that the Council engages Meridian under the Blackpool Council call-off contract.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option 1: To engage Meridian Cost Benefit Limited t/a Recovery Audit under the Blackpool Council led call-off contract and allow the audit to take place taking advantage of the potential cash recoveries and the recommendations to improve the Council's future processes.

Option 2: To not approve the award thus not taking advantage of the 'cash recoveries' and improvements which will assist the Council in relieving the financial pressures.

Consultation: including any conflict of interest declared by relevant Cabinet Member consulted.

N/A

Recommendation(s):

Option 1: To engage Meridian Cost Benefit Limited t/a Recovery Audit under the Blackpool Council led call-off contract and allow the audit to take place taking advantage of the potential cash recoveries and the recommendations to improve the Council's future processes.

Implications:

What are the **financial** implications?

The proposed recovery audit will be conducted at no net cost to the Council. The Council will, however, need to make available the necessary data and officer resource to support Meridian to

deliver this project.

The report states that average 'cost recoveries' per project are approximately £0.300m. Should any costs be recovered, a proportion of the recovered funds will be retained by Meridian in line with the schedule included in the report. The balance of any recovered funds represents a one-off revenue resource that will be used to underpin the Council's overall financial position.

(Andy Moran, Assistant Director of Finance)

What are the **legal** implications?

The Crown Commercial Service's Framework Agreement referenced RM3820 is a fully procurement compliant route to market. Blackpool Council, as lead authority, conducted a mini competition in accordance with the terms and conditions of the Framework Agreement and entered into a call-off contract with Meridian. The services available via this call-off contract can be utilised by the Council.

Sarah Orrell

What are the **procurement** implications?

The Commercial Procurement Unit support the preferred option outlined in this report. The process has been undertaken in line with the Council's Contract Procedure Rules, with the use of an existing framework agreement (rule 4.1). The NW Region Audit and Overpayments Recovery Services Framework of which Meridian Recovery Audit is the sole supplier allows for direct award. (Emma Wall)

What are the **Human Resources** implications?

None

What are the **Children and Young People** Implications?

None

Equality and Diversity Impact Assessment attached or not required because (please give reason)

N/A – this decision does not affect any vulnerable groups.

What are the **property** implications?

None

Risks:

Meridian Cost Benefit Ltd require access to the Council's finance system to undertake the review. As Meridian Cost Benefit Ltd will act as data processors a data processing schedule will

be put in place and they have agreed to sign a confidentiality agreement. Additionally, certification has been provided to confirm their Cyber Essentials accreditation and GDPR compliance.

Co-operative agenda

This decision will support and impact the Council's co-operative agenda particularly around the third corporate objective "Co-operative Services with people and social value at their heart". This review will help to shape and improve future accounts payable processes offering our suppliers an enhanced service.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

There are no background papers for this report

Report Author Sign-off:



Date: 19th January 2022

In consultation with Director/Strategic Director

Signed: 

Mike Barker

Date: 19th January 2022