

## **AUDIT AND GOVERNANCE COMMITTEE**

<b>DATE</b>	3 <sup>rd</sup> April 2025
<b>REPORT OF</b>	Executive Director Place and Resources
<b>SUBJECT</b>	Annual Procurement Report
<b>STATUS</b>	Open

### **CONTRIBUTION TO OUR AIM**

Effective procurement ensures that goods, services and works are purchased in compliance with the Contract Procedure Rules, relevant procurement legislation, achieve value for money and contribute to the achievement of the priorities and outcomes of the Council, and our partners.

### **EXECUTIVE SUMMARY**

This report outlines the key procurement activities undertaken by the Council during the calendar year of 2024 and provides assurance that the Council, across all its work areas and functions, remains compliant with its legal obligations and follows good practice.

### **RECOMMENDATIONS**

The Annual Procurement Report for the calendar year 2024 at Appendix 1 be received and noted.

### **REASONS FOR DECISION**

To support the Council's procurement activities.

### **1. BACKGROUND AND ISSUES**

- 1.1. The Contract Procedure Rules (CPRs) set out the mandatory procurement procedures which must be followed by officers and elected members when the Council spends money on the goods, services and works it needs to deliver services to local people.
- 1.2. The CPRs form an integral part of the Council's Constitution and it is the service area and service leads responsibility to ensure the CPRs are complied with.
- 1.3. All procurement of services shall comply with the principles of the revised Best Value Statutory Guidance (March 2015) to be responsive to the benefits and needs of the voluntary and community sector organisations of all sizes.
- 1.4. The Procurement Strategy 2023 – 2027 sets the Council's strategic approach to procurements, whilst also reflecting the governments strategic vision set out in the National Procurement Policy Statement. Service areas must have regard to this when undertaking procurements.
- 1.5. If the Council fails to conduct a compliant procurement, a potential supplier may have justifiable cause for legal challenge. This can result in the Council having to pay damages if such a complaint were upheld; in addition, a contract or framework agreement may be rendered ineffective, either in whole or in part,

and civil financial penalties may be imposed on the Council.

- 1.6. A challenge will also include significant legal fees and is likely to take up extensive officer time. In addition, a challenge is likely to cause delay in awarding the contract procured and will therefore cause delays to the implementation and mobilisation of the contract.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 Effective procurement presents several opportunities for the Council. It enables the Council to achieve value for money, ensuring that resources are used efficiently and effectively. Additionally, it fosters stronger supplier relationships, which can lead to better service delivery and innovation. Lastly, effective procurement supports the Council's strategic goals by aligning procurement activities with the Council Plan.

## **3. OTHER OPTIONS CONSIDERED**

- 3.1. None.

## **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1 Compliance with the CPRs and procurement legislation helps maintain and enhance the Council's reputation by ensuring consistency and transparency.

## **5. FINANCIAL CONSIDERATIONS**

- 5.1. Compliance with the CPRs and procurement legislation allows the Council to evidence that it achieves value for money through the tendering process.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

- 6.1. When applicable, opportunities and implications of goods, services and works on children and young people are considered during the procurement process.

## **7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS**

- 7.1. The procurement strategy sets the priority that procurements will positively contribute towards the local environment by:
  - 7.1.1. Considering how all procurements can positively contribute towards the Council's Environmental Vision and contribute towards the Net Zero target, and how suppliers can mitigate their impact on the local environment of North east Lincolnshire during performance of the contract.
  - 7.1.2. Encouraging ways of working that reduce waste, improve efficiency and contribute to the move towards a circular economy.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 As outlined in section 5, compliance with the CPRs ensures that the Council achieves value for money in consideration of both financial and wider social value. It also avoids any potential financial implications associated with

noncompliance as detailed in section 1.

## **9. LEGAL IMPLICATIONS**

- 9.1 There are no legal implications directly arising from the above report, it being a vehicle for update. Looking ahead, with the advent of the Procurement Act 2023 coming into force on 24<sup>th</sup> February 2025, at the time of writing, revised Contract Procedure Rules are to be considered by full council on 20<sup>th</sup> March 2025. This development is further considered in Appendix 1.

## **10. HUMAN RESOURCES IMPLICATIONS**

- 10.1 There will be a requirement for managers and other officers where relevant to undertake mandatory training on the new Procurement Act.

## **11. WARD IMPLICATIONS**

All wards.

## **12. BACKGROUND PAPERS**

None.

## **13. CONTACT OFFICER(S)**

Mark Watson, Strategic Procurement and Contract Management Lead, Tel 01472 32 6421

Joanne Robinson, Assistant Director Policy Strategy & Resources, Tel 01472 32 3761

**Sharon Wroot**  
**Executive Director Place and Resources**

# Appendix 1

## Annual Procurement Report for the calendar year 2024

### 1. Introduction

- 1.1. The purpose of this report is to update the Audit and Governance Committee on the Council's procurement activities and provide assurance of its compliance with its legal obligations. It focuses on the calendar year 2024.

### 2. Overview

- 2.1. During 2024 151 procurements were awarded via the Council's e-tender system, YORtender, with a value of £76m. This includes contracts awarded by Equans on behalf of the Council. 87 of these contracts had a value of under £100,000.

### 3. Procurement Strategy

- 3.1. The Council's [Procurement Strategy for 2023 to 2027](#) was approved by Cabinet on the 15<sup>th</sup> November 2023, setting the Council's approach to procurements. The approach focuses on two areas. Commercial and Procurement Delivery and Achieving Community Benefits.
- 3.2. The Council's Procurement Strategy sets out the following five measures of success:
  - 3.2.1. Upcoming tenders are publicised ensuring we are transparent about our procurement intentions.
  - 3.2.2. Tangible and meaningful environmental benefits are delivered within North East Lincolnshire as a result of procurements.
  - 3.2.3. Tangible and meaningful added social value is delivered within North East Lincolnshire as a result of procurements.
  - 3.2.4. Spend with Suppliers based in North East Lincolnshire is maximised, to achieve tangible and meaningful economic benefit.
  - 3.2.5. Where there is a local market for the Council's requirements, local suppliers become engaged in Preliminary Market Consultation and Procurements.
  - 3.2.6. Suppliers are paid within 30 days. Payment to local SME and VCSE are paid sooner where possible. We will contractually enforce payment to second and third tier suppliers, wherever possible.
- 3.3. During 2024 performance against these measures was as follows. As 2024 was the first full year that the procurement strategy was live, 2024 is the benchmark year:
  - 3.3.1. The Council publishes contracts it intends to procure on the procurement pipeline (visible on the Council's [website](#)) as part of its commitment to early market engagement. During 2024 the Council and Equans on behalf of the Council, awarded 124 contracts which had been promoted on the procurement pipeline.
  - 3.3.2. In terms of procurements run by the Council, 7 procurements delivered tangible and meaningful added social value and 3 delivered

tangible and meaningful environmental benefit. Responsibility for the delivery of the social value and environmental benefits sits with the contract managers within the service areas.

- 3.3.3. Analysis of data within YORtender showed that during 2024, 51 different local suppliers engaged in a procurement exercise, and 66 contracts were awarded to 13 different local suppliers.
- 3.3.4. In terms of all spend with third parties, analysis of the published spend data showed that, 15% (£20m) of the spend during 2024 was with local suppliers.
- 3.3.5. Council's financial performance reporting information indicates that during the financial year 2023/24 94% of all invoices were paid within 30 days.

#### **4. The Procurement Act 2023**

- 4.1. The Procurement Act 2023 (the Act) was given Royal Assent in October 2023 and came into force on the 24<sup>th</sup> February 2025. This is the introduction of new primary and secondary legislation, so at the same time the Procurement Regulations 2024 also came into force.
- 4.2. The Procurement Act 2023 and the Procurement Regulations 2024 replace the previous public procurement regulations, with the exception of the Provider Selection Regime which came into effect on the 1<sup>st</sup> January 2024 and covers Health Care Services.
- 4.3. The Act streamlines procurement procedures from seven to two and introduces new transparency requirements. It emphasises delivering value for money, maximising public benefit, removing barriers to SME and equal treatment of suppliers.
- 4.4. In terms of transparency, the Act introduces new transparency requirements during the contract management stage with the introduction of 5 new notices needing to be published on the governments Central Digital Platform. Processes have been developed to ensure these requirements are met.
- 4.5. During 2024 work was undertaken by Strategy, Policy and Performance and Legal to implement the changes introduced by the Act. This included a refresh of the Contract Procedure Rules and updates to standard templates and process.
- 4.6. In terms of communicating the changes, internal presentations were delivered to Leadership Team, Assistant Directors Group and Senior Management Teams. An article also appeared in Vision (staff newsletter), the intranet, and the procurement pages on the intranet have been updated. External communication has been undertaken via various methods including messages on the Council's web page, presentation to E-factor, and attendance at events.
- 4.7. In terms of training, government run training has been undertaken by all procurement specialists within the Council to ensure they have the required knowledge to be able to run procurements under the Act.
- 4.8. The LGA has updated its [Councillor's Guide to Procurement](#) to reflect the Procurement Act 2023. It outlines the councillors' roles, key questions and

best practice in procurement, social value and contract management.

## **5. Procurement E-learning**

- 5.1. During 2024 work has been undertaken in relation to development of new procurement e-learning.
- 5.2. The e-learning educates officers on the reason for procurement in the public sector, the key requirements of the Contract Procedure Rules and legislation, roles and responsibilities and consequences of non-compliance.
- 5.3. Development of the e-learning has been informed by engagement with authorities across the Yorkshire and Humber region, national best practice and internal stakeholders.
- 5.4. The e-learning will be mandatory for all managers and optionally available for all other officers as part of their professional development.
- 5.5. The e-learning will go live on the Council's e-learning online portal Academy NEL on or before the 31<sup>st</sup> March 2025.

## **6. Contract Management Toolkit**

- 6.1. During 2024 work commenced on the development of a contract management toolkit for use by contract managers in the Council. To deliver this requirement a project team has been established and a project plan developed. The toolkit will be live on the Council's intranet by the 31<sup>st</sup> May 2025.
- 6.2. The toolkit will consist of guidance and templates for use by contract managers within the services areas.
- 6.3. Key stakeholders have been engaged with during the development of the toolkit and a communications plan will be developed to launch and create awareness of the toolkit.
- 6.4. Alongside with the toolkit, all contract managers who manage contracts over £100,000 will be required to undertake the Government Commercial College Contract Management Foundation training course. This is a professionally recognised training course aimed at contract management within the public sector.

## **7. Exceptions to the Contract Procedure Rules**

- 7.1. For procurements valued over £100,000, where permitted by legislation, exceptions to the Contract Procedure Rules may be permitted by the Assistant Director Law and Governance (Chief Legal and Monitoring Officer). During 2024 the relevant legislation was the Public Contracts Regulation 2015 and the Provider Selection Regime.
- 7.2. During 2024, 35 requests for exceptions were submitted. Of these, 34 were approved and one is with the senior officer for support before progressing to the Assistant Director Law and Governance (Chief Legal and Monitoring Officer) for approval.
- 7.3. Exceptions below £100,000 (self-service procurements) require budget holder approval and service areas should keep a record of these for audit purposes.

## **8. Off-Contract Spend**

- 8.1. During 2024, an approach to monitoring and reporting off-contract spend was developed and put in place.
- 8.2. A performance dashboard has been created in the Atamis system which combines the Council's published spend data with the Council's contracts register to identify where spend is against a contract. Analysis is then undertaken monthly by a procurement specialist in Strategy, Policy and Performance to identify where spend should be under a contract and where there are opportunities for efficiencies. These are then addressed with the relevant service area.
- 8.3. Off-contract spend is reported to Assistant Directors Group on a quarterly basis. If it is found that there is persistent non-compliance in a service area, this will be reported to Corporate Governance Group. An annual report for consideration by Assurance Board is planned.
- 8.4. The dashboard reports on financial years, so for 2023/2024, 77% of all spend with third parties was under a contract. This a benchmark year in terms of the Councils performance.

## **9. Future Actions**

- 9.1. Actions for 2025 include:
  - 9.1.1. Implementation of the Procurement Act 2023.
  - 9.1.2. Implementation of the procurement e-learning.
  - 9.1.3. Implementation of the contract management toolkit and e-learning
  - 9.1.4. Development of internal guidance on considering and mitigating the risk of modern slavery during the procurement and contract management process.