

AUDIT AND GOVERNANCE COMMITTEE

DATE	16/04/2026
REPORT OF	Assistant Director Policy Strategy & Resources
SUBJECT	Annual Procurement Report
STATUS	Open

CONTRIBUTION TO OUR AIMS

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 2025 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 2025 at Appendix 1 be received and noted.

It is recommended that the Annual Procurement Report moves from a calendar-year to a financial-year reporting basis, aligning procurement performance reporting with the financial accounting arrangements. It is further recommended that, from 2026/27 onwards, the report is scheduled for consideration by Audit and Governance Committee in Quarter 2 rather than Quarter 1, to ensure that full-year performance information is available and reported.

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 must deliver value for money as defined in the [Best value standards and intervention: a statutory guide for best value authorities](#) (May 2024).
- 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.
- 1.7. Some performance data reported in the Annual Procurement Report is financial and is recorded and reported in financial years. This means that not all the performance measures align. To align the reporting across all measures, the intention is to report on financial-year for all measures in future reports. To provide the full financial years performance the next Annual Procurement Report would need to be presented in quarter 2 of 2027 rather than quarter 1.

2. RISKS, OPPORTUNITIES AND EQUALITY ISSUES

- 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.
- 2.2 Compliance with the CPRs ensure that all procurements are undertaken in a fair, inclusive and equal manner.

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. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

- 8.1 When applicable, opportunities and implications of goods, services and works on public health, health inequalities and the Marmot Principles are considered during the procurement process.

9. FINANCIAL IMPLICATIONS

- 9.1 The report provides assurance that the Council's procurement activity is being undertaken in compliance with the Contract Procedure Rules and relevant procurement legislation, which is a key control in securing value for money and mitigating the risk of financial loss arising from non compliant procurement. There are no direct additional financial commitments arising from the recommendation to receive and note the report.
- 9.2 The proposed move from a calendar year to a financial year reporting basis is supported, as it will improve alignment with the Council's financial reporting arrangements and enhance transparency and comparability for Members.
- 9.3 Ongoing attention to contract compliance and contract management remains important given the scale and value of procurement activity undertaken during the year.

10. LEGAL IMPLICATIONS

- 10.1 There are no legal implications immediately arising as the report is one of update.

11. HUMAN RESOURCES IMPLICATIONS

11.1 There are no direct HR implications contained within this report.

12. WARD IMPLICATIONS

12.1 All wards

13. BACKGROUND PAPERS

13.1 None.

14. CONTACT OFFICER(S)

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Appendix 1

Annual Procurement Report for the calendar year 2025

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. The report focuses on the calendar year 2025, but some of the performance is reported in the financial year due to the data being financial in nature.

2. Overview

2.1. During 2025 228 contracts were awarded via the Council's e-tender system, YORtender, with a combined value of £154m. This compares with 151 contracts during 2024 with a combined value of £76m. Both years include contracts awarded by Equans on behalf of the Council.

2.2. The main reason for the increase in the number of contracts awarded is a direct result of focussed work undertaken with a specific service area during the 2025 to ensure that awarded contracts in that area are now published to the contracts register.

2.3. The material increase in the combined value of the contracts between 2024 and 2025 was primarily because of the award of the Development Partner for the Alexandra Dock contract in 2025 with an estimated value of £100m.

3. Procurement Strategy

3.1. The Council's [Procurement Strategy for 2023 to 2027](#) was approved by Cabinet on the 15th 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 six 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 2025 performance against these measures was as follows:

- 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 2025 the Council and Equans on behalf of the Council (up to June 2025), awarded 178 contracts which had been promoted on the procurement pipeline. This compares to 90 contracts awarded in 2024 which had been promoted on the procurement pipeline. The number of contracts is lower than the number of contracts awarded identified in 2.1, largely due to the award of agency placement contracts which don't feature on the procurement pipeline due to their urgency.
- 3.3.2. Social Value is considered in procurements above £100,000. Of the 228 contracts identified in 2.1, 60 were above £100,000. 15 out of the 60 committed to delivering tangible and meaningful added social value (compared with 7 in 2024) and 2 committed to delivering tangible and meaningful environmental benefit (compared with 3 in 2024). Commitments made include initiatives relating to apprenticeships, skills and employment, educational training, volunteering and use of local businesses in the supply chain. Responsibility for monitoring the delivery of the social value and environmental benefits sits with the contract managers within the service areas. It is recognised that more contracts could include added social value requirements and so the Community Benefit and Social Value Advisory Group was established in 2025 to oversee the further development and implementation of Social Value in the Council.
- 3.3.3. Analysis of data within YORtender showed that during 2025, 88 different local suppliers engaged in a procurement exercise (compared to 51 in 2024), and 44 contracts were awarded to 32 different local suppliers. This compares to 66 contracts awarded to 13 different local suppliers in 2024.
- 3.3.4. In terms of all spend with third parties, analysis of the published spend data showed that, 27% (£53m) of the spend during 2024/2025 was with local suppliers. This is an increase from 15% (£20m) in 2023/2024.
- 3.3.5. Council's financial performance reporting information indicates that during the financial year 2024/2025 87% of all invoices were paid within 30 days. This compares to 84% in 2023/2024.

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 24th 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 Health Care Services (Provider Selection Regime) Regulations 2023 which came into effect on the 1st January 2024 covering the procurement of Health Care Services.
- 4.3. The Procurement Act streamlines procurement procedures from seven to two and introduces new transparency requirements. It emphasises delivering value for money, maximising public benefit, sharing information, acting with integrity,

removing barriers for 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. 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.
- 4.6. The Contract Procedure Rules, processes and templates were all updated to reflect the changes introduced by the Act, as well as procurement e-learning.
- 4.7. The key changes introduced by the Act were communicated to Leadership Team, Assistant Directors and Senior Management Teams, as well as to all officers via the intranet and the Councils internal newsletter, Vision.
- 4.8. Since the Act came into force 23 contracts have been awarded under the new requirements. This figure is lower than the actual number of awarded contracts identified in Section 2 because a significant number of contracts were awarded via arrangements set up under the previous regulations, e.g. frameworks and Dynamic Purchasing Systems.

5. Guide to Modern Slavery

- 5.1. Modern slavery is an umbrella term covering a whole spectrum of high harm crime, including human trafficking, slavery, servitude and forced labour, and it is important that supply chains are assessed in order to understand the level of risk of modern slavery occurring and to mitigate it.
- 5.2. During 2025 a Guide to Assessing Modern Slavery in the Supply Chain and a tiering tool were developed to assist with identifying the level of risk of modern slavery occurring in the supply chain and solutions for mitigating modern slavery, during both the procurement and contract management stages.
- 5.3. The guide also provides advice on what to do if modern slavery is identified and provides links to training in relation to modern slavery.
- 5.4. Development of the guide and tiering tool has been informed by national best practice and guidance.

6. Procurement E-learning

- 6.1. During 2025 work was undertaken in relation to development of new procurement e-learning.
- 6.2. The e-learning informs officers on the reason for procurement in the public sector, the key requirements of the CPRs and legislation, roles and responsibilities and consequences of non-compliance.
- 6.3. Development of the e-learning has been informed by engagement with authorities across the Yorkshire and Humber region, national best practice and internal stakeholders.
- 6.4. The e-learning is mandatory for all managers and optionally available for all other officers as part of their professional development.
- 6.5. The e-learning went live on the Council's e-learning online portal AcademyNEL

in November 2025. As of March 2026, 285 officers had completed the e-learning, 191 of these are managers, (54% of all managers). 2025 was the benchmark year.

7. Contract Management Framework

- 7.1. During 2025 the contract management toolkit was launched. This provides advice and guidance, including templates to contract managers, covering the entire contract management lifecycle.
- 7.2. To enhance the offer to contract managers the plan is to develop contract management training and explore the development of a contract management framework. The contract management framework would also allow for greater oversight of contract and contract management performance.

8. Exceptions to the Contract Procedure Rules

- 8.1. 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 2025/2026 the relevant legislation was the Public Contracts Regulation 2015, Procurement Act 2023, and the Health Care Services (Provider Selection Regime) Regulations 2023.
- 8.2. During 2025/2026 (up to March 2026), 68 requests for exceptions had been submitted. This compares with 37 requests submitted in 2024/2025 (full year). Out of the 68 exceptions received, 54 were approved and 14 were cancelled due to an exception not being required.
- 8.3. Exceptions below £100,000 (self-service procurements) require budget holder approval and service areas are required to keep a record of these for audit purposes.

9. Off-Contract Spend

- 9.1. Off-contract spend is monitored via a performance dashboard in the Council's spend analysis system, Atamis 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.
- 9.2. 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.
- 9.3. Off-contract spend is reported on a financial year basis so between Q1 and Q3 of 2025/2026 72% of all spend with third parties was under a contract. This compares with 2024/2025 (full year) when 82% of all spend with third parties was under contract.¹

10. Future Actions

¹ Reviews of the data are regularly undertaken to ensure that contracts and spend data within the system are up to date, so these percentages may change.

10.1. Actions for 2026 include:

10.1.1. Development of contract management training.

10.1.2. Development of a contract management framework.

The contract for the Councils e-tender system is due to expire on 31st December 2026. Therefore a replacement will need to be implemented during 2026

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