

Report for: Audit Committee – 10 November 2025

Item number: 12

Title: Organisational Arrangements for Procurement and the Procurement Act

Report authorised by: Taryn Eves, Corporate Director of Finance and Resources

Lead Officer: Barry Phelps, Chief Procurement Officer

Ward(s) affected: N/A

Report for Key/ Non-Key Decision: Non-Key Decision

1. Describe the issue under consideration

- 1.1 In March 2025, the Corporate Director of Finance and Resources attended the Audit Committee to present an update on the Procurement Modernisation Programme, various metrics relating to contracts and spend data, an update on the Council's preparation for the incoming Procurement Act and on internal and external audit recommendations.
- 1.3 This report provides an update in respect of progress with all internal audit recommendations relating to Strategic Procurement, the current position with the implementation of the changes to ensure compliance with the Procurement Act 2023, which came effective on 24 February 2025, progress on the implementation of the Procurement Modernisation Plan and the newly created Commissioning Modernisation Plan.

2. Cabinet Member Introduction

N/A.

3. Recommendations

- 3.1. The Audit Committee is requested to note and discuss the information contained in this report.

4. Reasons for decision

N/A update provided as requested.

5. Alternative options considered

N/A

6. Internal and External Audit Recommendations

Internal Audit

- 6.1. Since the mobilisation of the Procurement Modernisation programme in 2023, improvements have continued to be made and these are set out in the remainder of this report and the separate appendix showing completed recommendations of Audit reports.
- 6.2. From April 2025, a further 5 internal audits have been undertaken, which touch upon procurement or contract management activity, providing assurance that improvements have been made in the majority of areas relating to previous recommendations, however we recognise that further work is required.
- 6.3. The key challenge areas that require further focus include;
- Requirement for a new e-procurement and contract management system, with related interfaces into other systems such as Liquid Logic;
 - Ensuring directorates complete quarterly pipeline returns;
 - Contract owners to adopt good contract and performance monitoring practices;
 - The development and monitoring of Key Performance Indicators (KPI's).
- 6.4. There are five audits planned for the remainder of 2025/26 as summarised below and updates will be reported to Audit Committee through the regular quarterly report from the Chief Internal Audit Officer.

Audit Area	Date of Audit	Status
Management and Use of Contract Waivers	24-Jul-25	Draft Report
Implementation of the New Operating Model for Strategic Procurement	09-Mar-26	Allocated
Data, Intelligence and Category Management to secure VfM from procurement activities	19-Jan-26	Allocated
Arrangements for improving contract management	08-Jan-26	Allocated

External Audit

- 6.5. External Auditors KMPG presented their final Annual Auditors Report for 2023/24 to Audit Committee in February, alongside the outcome of the audit on the

Statement of Accounts. The report highlighted that for 2023/24 there were weaknesses within procurement and contract management activity and the findings broadly aligned with that reported through previous internal audit reports. The improvements that have been put in place since this date have been covered in previous updates to Audit Committee and through this report.

6.6. KPMG are currently on site undertaking their fieldwork for the 2024/25 Annual Auditors report and the risk assessment is presented to Audit Committee elsewhere on the same agenda. Although good progress has been made against previous recommendations as set out in Appendix 1 and as detailed in this report, the Council recognises that this remains an area of concerns and procurement and contract management activity has again been highlighted as an area of weakness in the 2024/25 risk assessment. Their risk assessment report has specifically highlighted the following:

- Although the establishment of the Procurement Board has been recognised as a notable improvement from the reporting last year, this was only established in early 2025 and therefore the effectiveness will only be assessed as part of the 2025/26 VFM report.
- The strengthened monitoring and reporting against all procurement activities has been recognised but the lack of an e-procurement system means more manual processes are required and has been noted in their latest risk assessment.

6.7. The Corporate Director of Finance and Resources and the Chief Procurement Officer will be liaising with KPMG as part of their work to develop their final report that will be presented to Audit Committee in January 2026 to discuss the improvements in the procurement weaknesses identified in their previous [Annual Auditors Report](#) (page 33 – see Appendix 2 for extract). This will include the progress that has been made in 2025/26 through the establishment of the Commissioning Modernisation Programme (see paragraph 9.6 onwards) as well as the processes that have been put in place to monitor, report and address non compliance related issues through the work of the Strategic Procurement Team and the Commissioning Board.

7. Procurement Act Update

7.1. The report presented to the Audit Committee in March 2025 provided a summary of the key considerations within the Procurement Act. The Council has implemented policies and procedures which align with the Procurement Act. These include:

- A refresh of the Contract Standing Orders approved by Full Council on 24 March 2025;
- A refresh of the Procurement Code of Practice to align with the Procurement Act;

- Centralisation of most procurements above £25,000 to ensure compliance with the Procurement Act can be managed through Strategic Procurement;
- 7.2. All Strategic Procurement Officers are accredited practitioners in the Procurement Act and completed the Central Government College training programme on 'Transforming Public Procurement' courses.
- 7.3. A corporate training programme on the new CSO's and Procurement Act was rolled out from February through to the end of July and will continue as required. Procurement is also a key part of the finance module on the Managers Pathway development course.
- 7.4. The Council has published its pipeline of procurements above £2m through to October 2026, in accordance with the transparency requirements under the Procurement Act. In addition, a significantly improved contracts register is now in place. However, there is further ongoing work with services to ensure the register is complete and capturing all contracts above £25,000. This is utilised by the Strategic Procurement Team to monitor and support upcoming procurements but also for Commissioning Board to determine the tenders it wants to oversee. This is determined by both value and complexity.
- 7.5. All transparency notices required under the Procurement Act are being published manually by Strategic Procurement because the current technology does not automate the publication of these notices. This is not unusual, as most technology providers have struggled to publish these notices due to the ongoing changes and updates being made by the Cabinet Office. Options for automating this process will be considered as part of the new ERP which the Council is exploring (see Paragraph 9.5).

8. Role of Strategic Procurement in the Council

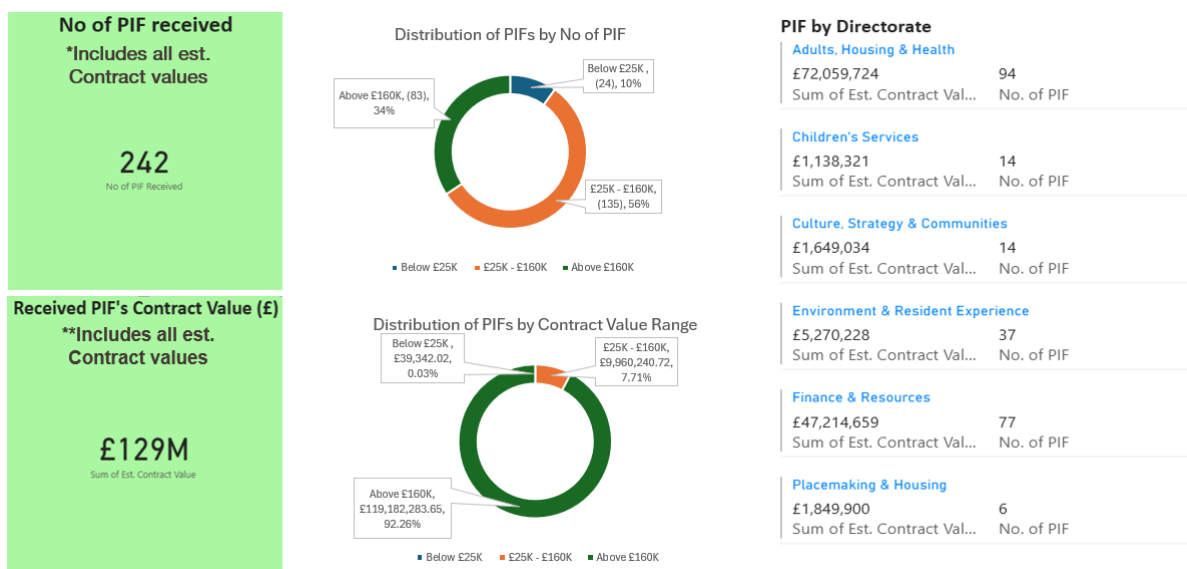
- 8.1. Strategic Procurement now manage most of the procurements valued at £25,000 and above (some exceptions in Care and Digital Services). This is to ensure compliance with the Procurement Act, improve category management and to support the wider Procurement and Commissioning Modernisation Programmes (referenced in paragraph 9.6 of this report).
- 8.2. Directors are now provided with a copy of the contracts register for their service and are required to review this information and inform Strategic Procurement on whether these contracts are to be reprocured, along with any other contracts that may be required over the next 12 months. This enables Strategic Procurement to maintain a pipeline of activity, which can then feed into the category strategies.

- 8.3. Strategic Procurement manage the procurement process through to contract signature, which includes retaining a copy of the signed contract within the current procurement system, before handing over to the service to manage the contract.
- 8.4. Monthly compliance reports are produced and discussed with the Chief Procurement Officer. This information is presented to the Procurement Board (now Commissioning Board) on a quarterly basis (examples provided in paragraph 9.3 of this report).

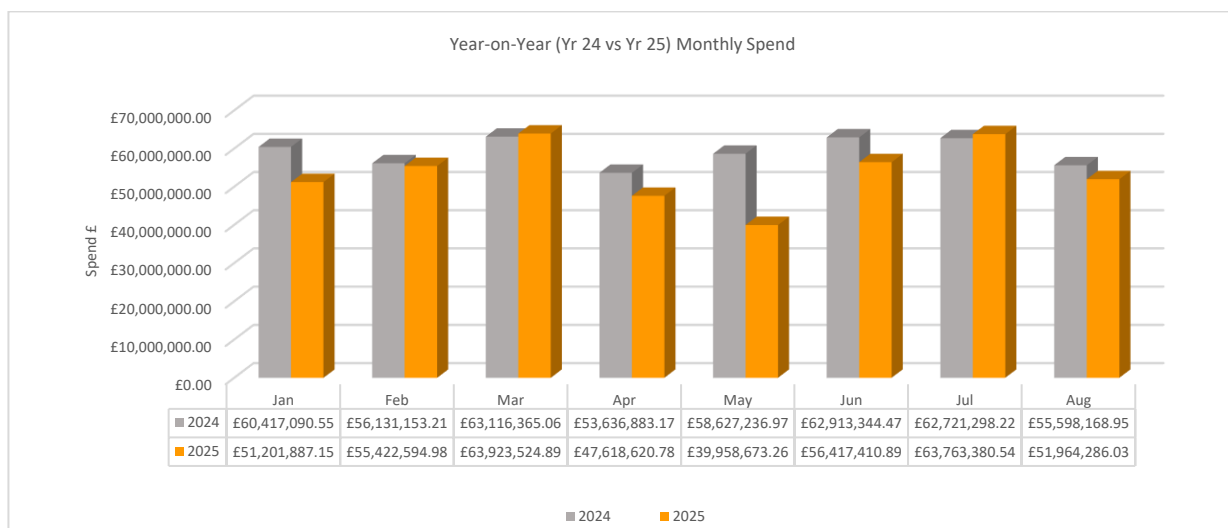
9. Procurement Modernisation Plan

- 9.1. In 2023, the Procurement Modernisation Plan was agreed and progress is reported quarterly to the Corporate Leadership Team and Cabinet through the Corporate Delivery Plan reporting. The last update was published in September [Appendix 3 CDP Q1 activity update Cabinet 16 09 25.pdf](#). Since the last update to Audit Committee in March 2025, enhancements have been made to the current procurement system which now allows key documents such as signed contracts, contract review meetings, delegated reports etc. to be stored within the relevant contract records. This addresses many previous audit recommendations.
- 9.2. A new contract management tool kit has been introduced that aligns with Central Government best practice. Officers can access foundational courses free of charge from the Central Government College on contract management. The expectation is that all contract managers will undertake the necessary training through the workforce workstream of the Commissioning Modernisation Programme and a skills analysis is underway of all staff involved in all stages of the Commissioning Cycle.
- 9.3. Enhanced compliance monitoring has been introduced by Strategic Procurement to detect trends such as, multiple low value contract awards to the same supplier, direct awards using waivers and over utilisation of contracts in relation to their term. Good progress has been made but there remains work to do if we are to address the non compliance concerns with the Contract Standing Orders. The latest trends are set out below and will continue to be monitored regularly by Strategic Procurement Team and reported quarterly to Commissioning Board. Areas of concern highlighted by the Board are then escalated to the relevant senior officer in the service for appropriate action.

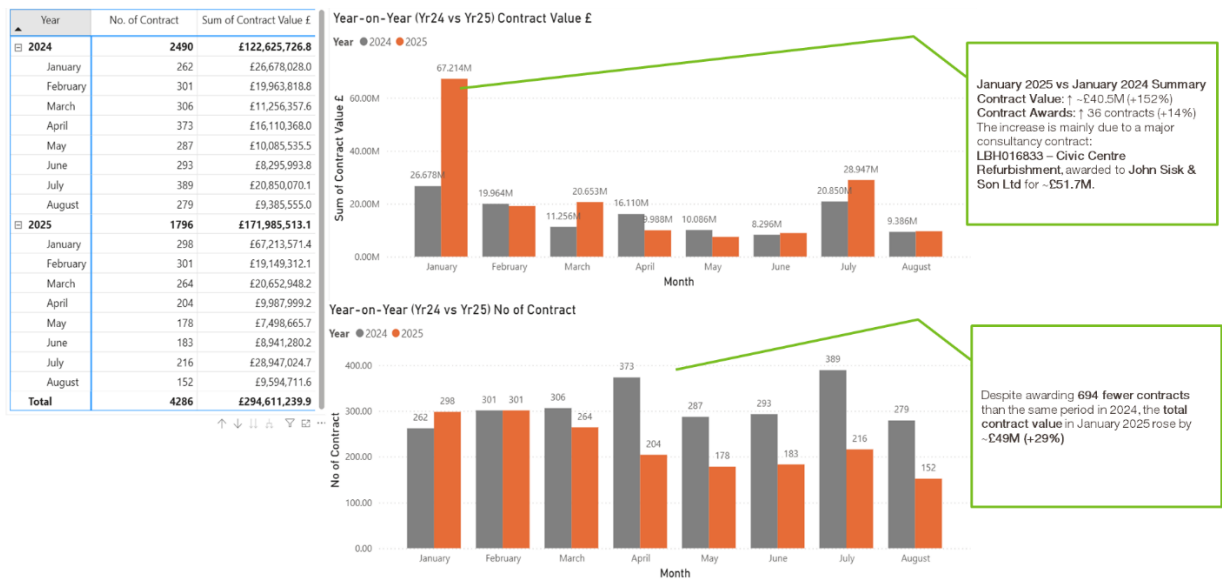
9.3.1. Directorate activity data - Number of PIFs received, number of contracts awarded and value



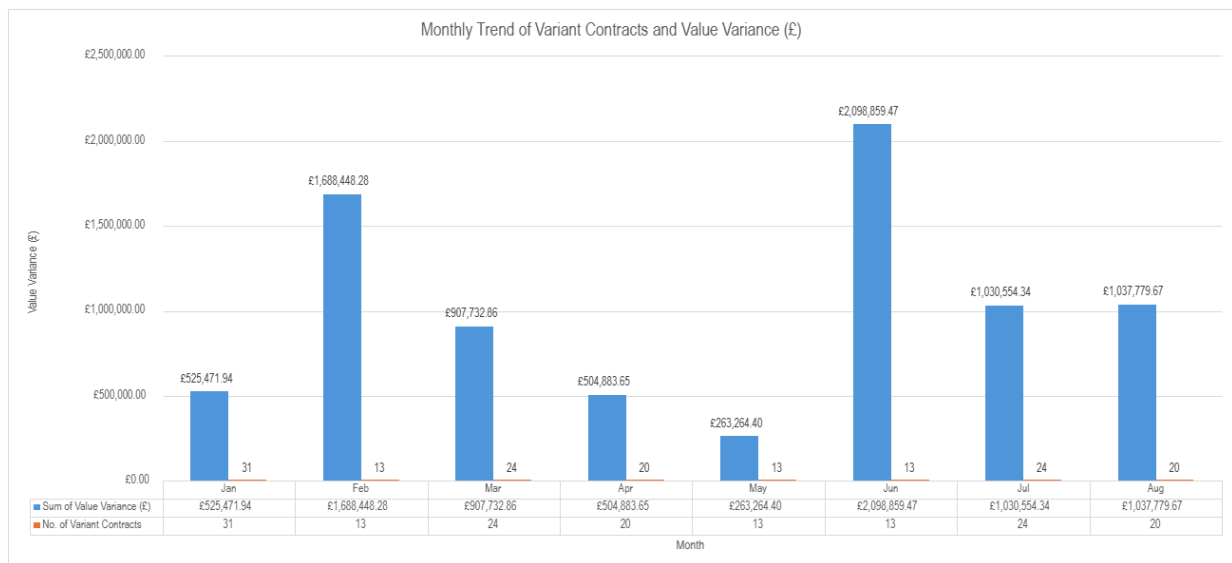
9.3.2. Year on year monthly spend.



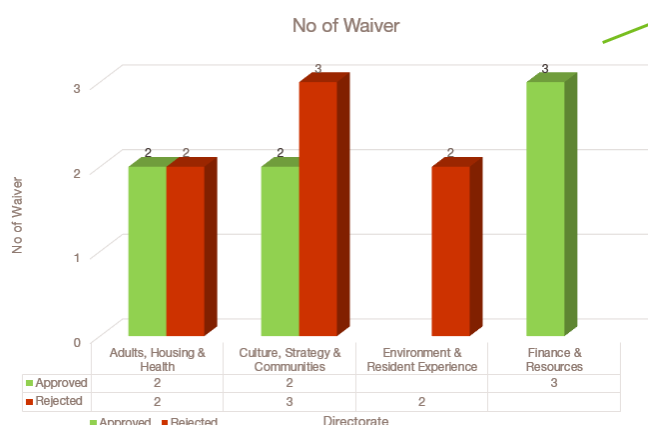
9.3.3. Year on year contract awards



9.3.4. Contract variations data monthly trend



9.3.5. Waivers since April 2025



Waiver Summary – Directorate Breakdown

- 14 waivers were processed across four directorates: 7 approved, 7 rejected
- Total contract value associated with waivers: £753,745
- Approved: £596,955
- Rejected: £156,790

Directorate Highlights:

- Finance & Resources had the highest approved value: £257,955 across 3 waivers
- Culture, Strategy & Communities submitted the most waivers (5), with £220,000 approved
- Adults, Housing & Health had a balanced outcome: 2 approved, 2 rejected, totalling £275,790
- Environment & Resident Experience had 2 rejected waivers, with no associated contract value

With effect from April 2025, all waivers require approval from Strategic Procurement prior to entering into any agreements with suppliers.

- 9.4. Directors are now completing quarterly contract pipeline information to assist Strategic Procurement manage demand and publish any relevant transparency notices and to align with the Procurement Act requirements.
- 9.5. Work relating to the new e-procurement system has now been incorporated into the replacement of the corporate ERP (Enterprise Resource Planning) programme (currently SAP). This will essentially bring together under a single system finance, HR and procurement activity.

Commissioning Modernisation Programme

- 9.6. In recognition that improvements are still needed across procurement and a more Council wide approach, the Commissioning Modernisation Programme has been recently launched. This builds on the progress through the Procurement Modernisation Plan but recognises that a more holistic approach is needed across the whole Commissioning Cycle – from commissioning to contract management.
- 9.7. The programme is cross Council to deliver the improvements needed to ensure consistency, compliance, that all contracts are delivering good value for money and deliver the £9.2m of savings on contracts required over the next three years to support the Council's Medium Term Financial Strategy. The programme Sponsor is the Corporate Director of Finance and Resources and Senior Responsible Officer, the Director of Commissioning within Children's Services who has stepped into this role alongside BAU but to embed the learning and improvements that have already been put in place within Children's Services over the last two years.

- 9.8. There are two primary workstreams as summarised below.

Workstream 1 – Contracts Review

- 9.9. Contract Savings – this incorporates a comprehensive review of the Councils contracts to identify whether savings can be realised through adopting a 4 C's approach (Cancel, Consolidate, Change, Create);
- 9.10. Category Management – this incorporates a review of how we managed categories across the Council and will align with the revised Commissioning Strategies. Opportunities to work in collaboration with other local authorities and public sector organisations will be explored, to maximise the use of public funds and encourage new suppliers onto the market.

Workstream 2 – Commissioning and Practice

- 9.11. This programme focuses on introducing best practice within our commissioning activity and our workforce across the Council. This will be implemented through a corporate framework and tool kit for commissioning and a training and development plan for all relevant staff involved in all aspects of the stages of the Commissioning Cycle.
- 9.12. Looking at service redesign and to ensure services commissioned are needs led and evidence based and delivered in the most cost effective and efficient way. All Commissioning activity over £160,000 across all services will be subject to review and challenge by a newly formed Commissioning Panel.
- 9.13. Ongoing work to establish a full and complete comprehensive consolidated contracts register.
- 9.14. Enhancing contract management, building on the work to date under the previous Procurement Modernisation Plan, ensuring that clearly defined key performance indicators (KPI's) are incorporated and reported on as part of the newly developed governance processes

10. Link to Wider Council Controls

- 10.1. Given the Council's deteriorating financial position, additional spending controls have been in place since April 2025 and have recently been further strengthened. These controls on all non essential staffing and non staffing costs will be in place for some time. Controls relating to contract spend includes:
- A spend control panel, reviewing non-essential spend above £1,000.

- Section 151 Officer approval for all essential and non essential expenditure above £25,000, including contracts. This will be implemented through the approval of all Key and delegated decisions taken in services by the Section 151 Officer.
- Commissioning Panel review of contracts above £160,000 prior to going to Market. Longer term, this threshold will be reduced to £25,000.
- Commissioning Board (previously Procurement Board) reviewing all contracts of £500,000 and above prior to going to market.

11. Contribution to strategic outcomes

N/A

12. Statutory Officer Comments (Corporate Director of Finance and Resources (procurement), Head of Legal and Governance, Equalities)

Finance

- 12.1 There are no direct financial implications arising from the contents of this update report. The improvements being put in place to improve procurement and contract management processes across the organisation and fully embed the requirements of the new Procurement Act 2023 is expected to improve value for money on contract spending and contribute towards the Council's financial recovery plan to reduce non-essential spending and the reliance on Exceptional Financial Support from 2026/27.
- 12.2 The 2025/26 draft budget for approval by Council on 3 March 2025 has assumed savings of £3.25m on contract spend (£9.2m over the next three years) and the improvements set out in this report will contribute towards the delivery of these savings.

Strategic Procurement

- 12.3 The Chief Procurement Officer has been consulted in the preparation of this report and confirms the information contained in this report is an accurate reflection of the progress made to date.

Legal

- 12.4 The Assistant Director for Legal and Governance has been consulted and confirms that there are no direct legal implications arising from this report. The terms of reference for Audit Committee provide that its audit functions include "providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them." Accordingly, consideration of this report falls within the remit of Audit Committee.

Equality

N/A

11 Use of Appendices

Strategic Procurement Audit Report Tracker October 2025

12 Local Government (Access to Information) Act 1985

N/A

Appendix 1 - Strategic Procurement Audit Report Tracker October 2025

The agreed audit actions within this table are owned Corporately, by Strategic Procurement or by Management/Risk Owners within the relevant services. At the time of producing this report there are management assurances that circa another eight of the agreed actions have been implemented but these have not yet formally been followed up by Internal Audit and therefore the actions remain open.

Audit Report Title	Number of Recommendations	Outstanding Recommendations
Letting Contracts (Limited Assurance) May 2021	6	2
Contract Management (Limited Assurance) June 2021	6	1
Waivers (Limited Assurance) May 2021	5	0
Purchase Cards (Limited Assurance) August 2024	3	1
DPS (Nil Assurance) May 2024	6	1
Procurement Act 2024	3	0
Arrangements for Securing Social Value from Lettings Contracts (Adequate Assurance) May 2024	3	0
Contract Management (Limited Assurance) June 2024	9	1
LCP (Adequate Assurance) May 2024	3	0
Arrangements for Managing Contracts within Housing Services (Limited Assurance) July 2025	3	1
Management and Control of Contract Register Final Report (Limited Assurance) July 2023	11	1
Review and Management of Off Contract Spend (Limited Assurance) January 2025	6	3
Kenneth Robbins & Stellar House (Substantial Assurance) March 2025	1	0
Implementation of Panacea (Limited Assurance) April 2025	7	0
Arrangements for Managing Contracts within Housing Services (Limited Assurance) July 2025	7	7
Total	79	17