

## **Report to Overview and Scrutiny Committee**

**Subject:** Procurement

**Date:** 21 July 2025

**Author:** Chief Finance and Section 151 Officer

### **Purpose**

To update members on the progress of the Procurement project and the new Procurement Strategy.

### **Recommendation**

#### **That the Overview and Scrutiny committee**

- 1) Notes the report and makes comments as appropriate

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| <b>1</b> | <b>Background</b>  |
| 1.1      | Over the past 12 months the Council has undertaken a complete review of its procurement function. The review was considered necessary to ensure the completion of historic internal audit recommendations, to ensure we were prepared for the implementation of the new Procurement Act 2023, and to ensure the ongoing delivery of the Council's procurement function as the contract with our procurement providers North-East Derbyshire County Council was due to end on 31st March 2025.  |
| 1.2      | The review was undertaken by an internal project team consisting of the Chief Financial Officer, who has responsibility for procurement, the Monitoring Officer, the Assistant Director of Governance and the Information and Practice Manager. The review was supported by an external contractor, Spend Solutions who provided a number of recommendations on improvements to the function and how the function should be delivered from 1st April 2025. The review also involved a survey of all officers engaged in procurement to get their views on the service. |

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| 1.3 | <p>Following a discovery exercise and feedback from officers engaged with procurement, it was recognised that the existing procurement function was in need of an overhaul. A number of issues were identified including the need to maximise efficiency of spend on contracts through more detailed spend analysis and less siloed departmental procurement. It was also identified that due to limited capacity from our procurement provider (2 days per week equivalent), heavy reliance was placed on legal services for procurement advice creating unnecessary demand on the service and resulting in missed opportunities for utilising different and more efficient routes to market. Finally, it was recognised that system and process improvement was required to ensure better transparency and efficiency in procurement activities.</p> |
| 1.4 | <p>A significant amount of work was undertaken by the project team to deliver on the recommendations of Spend Solutions and prepare the Council for the new Procurement Act. Members may recall that new Contract and Procurement Rules were adopted by Council in 2025, in addition, a refreshed Contract's Register has been published, and the Council is now utilising Intend software to more effectively manage contract performance. The software ensures procurement activity is monitored and any procurement exercises are undertaken in a timely manner by automatically alerting contract owners of key events and deadlines through the life of the contract. The system enables the Council to have a better idea of what procurement is coming through the pipeline to ensure more efficient management of projects and resource.</p>   |
| 1.5 | <p>Training has been delivered to all officers involved in procurement to ensure they understand the new requirements of the Procurement Act and the new Contract and Procurement Rules. Further training on contract management is expected later this year and is a key priority. The work to date, and the ongoing work is to ensure the Council is delivering value for money through its procurement processes and also fulfilling its corporate objectives including promoting equality, diversity and inclusion, eliminating modern slavery in supply chains, mitigating environmental impacts and supporting economic growth.</p>  |
| 1.6 | <p>A new procurement strategy has been developed and was approved by Cabinet in March 2025. The strategy has regard to the Government's National Procurement Policy Statement and Local Government Association Procurement framework. The strategy seeks to combine national priorities with the Gedling Plan priorities and supports the Council's other strategic commitments including those set out in the Equality Diversity and Inclusion Policy, Modern Slavery Policy, Carbon Management Strategy, Productivity Plan and Digital, Data and Technology Strategy. In addition, the strategy sets out a number of</p>   |

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|            | actions the Council will take moving forward to ensure delivery on the strategy. The strategy is shown at Appendix 1.  |
| 1.7        | One of the key priorities of the strategy is to develop a consistent social value approach across procurement to ensure we are maximising opportunities for the delivery of social value aligned to our strategic priorities. Development of our social value approach is a key action for 2024/25.  |
| 1.8        | As part of the review of procurement it was identified that additional capacity was required to deliver an effective service. The recommendation from Spend Solutions was that a mixture of in house and external support would provide adequate capacity and resilience. From April 2025 the procurement service has been delivered by a newly appointed internal Procurement & Contracts Manager, with support from a local authority shared service provider (SSP). The Council advertised the opportunity to other local authority procurement specialists in December 2024 and after a formal process appointed Orbis Procurement an SSP established in 2015 by Surrey County Council, East Sussex County Council and Brighton and Hove City Council. |
| 1.9        | Orbis were appointed as they were able to onboard immediately, employing over 100 procurement specialists and managing a procurement portfolio of over £2bn a year, it was evident that they would be able to support and help to develop the Procurement function at Gedling.   |
| 1.10       | The Procurement & Contract Manager has been managing the contract with Orbis and has developed performance targets and indicators to ensure effective performance.   |
| 1.11       | As part of the review of procurement an internal audit of procurement was requested in 2024/25. In particular the Council was keen to seek views on changes to policies and procedures and identify any further improvements required in the function. A copy of the audit report which has been reviewed by the Audit Committee is at Appendix 2.   |
| 1.12       | The overall audit opinion for procurement is moderate with further recommendations raised in relation to contract management in particular. This is an area already identified as requiring improvement and further work as highlighted in the procurement strategy.   |
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| <b>2.0</b> | <b>Proposal</b>  |

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| 2.1      | That the committee note the reports and make comments as appropriate   |
| <b>3</b> | <b>Alternative Options</b>   |
| 3.1      | The committee could choose not to note the report and give any comments. But this would go against their wish to review the procurement project.   |
| <b>4</b> | <b>Financial Implications</b>  |
| 4.1      | The previous procurement arrangement with North East Derbyshire had a cost of £24,000 per annum, this was a very low cost for a procurement service this was identified as part of the review as insufficient to enable us to provide a fit for purpose procurement function that meets the requirements of the new Procurement Act and the Council's demand for procurement.  |
| 4.2      | The cost of the new provision is c£130k per year, which is significantly higher, due to the permanent recruitment of the Procurement & Contract Manager at a Band 13 and a two-year contract with Orbis procurement. The additional budget requirement was approved in November 2024.  |
| 4.3      | Although the costs are higher, the previous contract was not sufficient for our needs and resulted in some off contract spend and limited contract management, the review identified that the services had been under invested in for a number of years. The recommendations from Spend Solutions identified that there was efficiency to be made in investing in the service and an improved internal audit position from limited to moderate assurance has already demonstrated that investment was necessary. |
| 4.4      | A fit for purpose Procurement service should be able to cover its costs through savings and efficiencies on contracts. The Council is planning on some ambitious capital plans and some significant transformation programmes, effective procurement is critical to ensure these programmes can be delivered, and solutions can be procured effectively and to within the legislative framework.   |
| <b>5</b> | <b>Legal Implications</b>  |
| 5.1      | As highlighted within the report, the Procurement Act 2023 which was implemented in February 2025 has altered the way local authorities procure goods and services. The Council needed to undertake significant changes to the procurement function to ensure compliance with the Act and to ensure there was significant capacity within the organisation to deliver on the Council's plans and priorities.   |

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| <b>6</b> | <b>Equalities Implications</b>  |
| 6.1      | The Procurement Strategy supports the Council's Equality, Diversity & inclusion policy, it ensures adequate contract terms to enable better control in relation to modern day slavery, equality, diversity and inclusion.                       |
| 6.2      | We will work with suppliers to ensure they are committed to providing high quality jobs, with healthy and safe working conditions, fair pay and equal opportunities for workers.  |
| 6.3      | Working with suppliers to remove barriers to entry to work for young people and underrepresented groups, including people with protected characteristics and care leavers.  |
| <b>7</b> | <b>Carbon Reduction/Environmental Sustainability Implications</b>   |
| 7.1      | The procurement strategy ensures that suppliers are actively working to address environmental impacts including reducing greenhouse gas emissions and minimising waste through their operations, protecting natural habitats and bop-diversity. |
| 7.2      | Through our Social Value Policy and processes leverage opportunities to tackle climate change and reduce waste.   |
| <b>8</b> | <b>Appendices</b>   |
| 8.1      | Appendix 1 – Procurement Strategy 2025-2027<br>Appendix 2 – Internal Audit Report   |
| <b>9</b> | <b>Background Papers</b>  |
| 9.1      | None  |

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| <b>Statutory Officer approval</b><br><br><b>Approved by: Chief Finance Officer</b><br><b>Date: 7 July 2025</b><br><br><b>Approved by: Monitoring Officer</b><br><b>Date: 8 July 2025</b> |  |
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