



Chelmsford City Council Audit and Risk Committee

13th December 2023

Annual Procurement Report

Report by:

Procurement & Risk Services Manager

Officer Contact:

Alison Chessell, Procurement & Risk Services Manager, Email:
alison.chessell@chelmsford.gov.uk, Tel: (01245) 606598

Purpose

The report provides summary of:

- Procurement & sourcing activities as a scheduled report on the delivery of procurement services in line with the work programme.
- The changes that the new Procurement Bill will have on procurement activity.

Recommendations

For the contents of this report be noted.

1. Introduction

- 1.1. The Procurement Team supports the Council's corporate priorities through enabling officers to purchase goods, services and works in a way which is not just legally compliant, but which also secures value for money. This report provides an overview of the legislative environment and the governance of the procurement function.

2. Legislation - New Procurement Bill

- 2.1. In 2019/20 £295.5 billion was spent on procurement from the public sector to the private sector, of this £82.4 billion was spent by local government (HM Treasury – Whole Government Accounts 2019/20)
- 2.2. Public procurement is the purchase of goods, services and works by public sector bodies. Prior to the end of the transition period at 11pm on 31st December 2020, public procurement was regulated through EU procurement rules implemented into UK legislation by Public Contracts Regulations (2015).
- 2.3. From 11pm on 31st December 2020, several amendments were made to the legislative framework, to reflect the UK's departure from the EU and to implement the Withdrawal Agreement with the EU, and other associated agreements.
- 2.4. The regulations apply to their fullest, extend to contracts which exceed a threshold value. The value is revised every two years. The values are unchanged since the EU Exit but are now set by the World Trade Agreement Organisation under the UK's participation in the Government Procurement Agreement.
- 2.5. The thresholds are as below. The values from 2022 onwards include VAT.

Contract Value Period	Goods Contracts	Service Contracts	Light Touch regime Contracts	Works Contracts	Concession Contracts
1 Jan 2022 – 31 Dec 2024	£213,477	£213,477	£663,540	£5,336,937	£5,336,937
1 Jan 2024 – 31 Dec 2026	£214,904	£214,904	£663,540	£5,372,609	£5,372,609

- 2.6. In December 2020, the government published its Green Paper: Transforming Public Procurement. The aim of the reforms is to speed up and simplify procurement processes, provide opportunities for small and medium enterprises and tailor the procurement framework to the country's needs.
- 2.7. The basis of the reforms has been prepared into a Procurement Bill, which was announced in the Queens speech of May 2022. The Bill has been through, both the House of Lords, and the House of Commons and has 124 clauses arranged over 13 parts, and 11 schedules. The Act represents the most significant shake-up to procurement law and practice for a generation.
- 2.8. The Bill will introduce a new supplier selection regime, based on existing principles of non-discrimination, fair treatment, value for money and transparency and integrity. While value for money would remain a core

objective of procurement, the Bill will require public sector buyers to take a broad view and take account of national strategic priorities that are set out in the National Procurement Policy.

2.9. The Bill received Royal Assent on 26th October 2023, becoming the Procurement Act 2023. The Act will come into force in October 2024, along with secondary legislation required to implement certain provisions of the Act.

2.10. Key Changes:

- A single regime – the Act consolidates the current four sets of legislation into one single regime.
- Enhanced transparency regime – this will include the full procurement lifecycle. This will include publishing information about future procurements ahead of time, procurement results and information on contract performance.
- All opportunities will now be advertised in Find a tender Service, not the European publication Official Journal of European Union.
- Publication of KPI's and supplier performance against them.
- Requirement for notices to contract changes mid-term for contracts over £2m.
- Discretionary grounds for exclusion based on supplier poor performance.

2.11. Changes in business processes will be undertaken to ensure that compliance with the new regulations is ready for the change in October 2024.

3. Procurement Policy and Contract Rules

3.1. The Council has an adopted Procurement Strategy and Social Value Procurement Policy covering 2020 – 2025 and also Contract Rules and a Procurement Manual as the key documents for setting policy, framework and providing advice to officers.

3.2. The overriding procurement policy requirement is that all procurement must be based on value for money principles, and be undertaken in a fair, open and transparent way.

3.3. The contract rules which are part of the Constitution, outline limits of spend and delegations throughout the organisation, summary in table below:

Amount	Process
Up to £50k	Service Manger to use best practice principles – 2 quotes advised.
£50k to £100k	Minium requirement for 3 quotes or compliant process
Over £100k	Consultation with Procurement Team

- 3.4. The contract rules do not direct officers to the Procurement Team when undertaking lower value procurements, so it is possible for individual departments, or officers, to run informal quotations or pursue approval for exemptions from the contract rules, without prior consultation from the Procurement Team.
- 3.5. The Procurement Team must be consulted on all procurement in excess of PCR (2015) limits. Officers must remember that public money are spent correctly, fairly and transparency. The current Public Contract Regulations (2015) which the Councils Contract Rules are based on has the four guiding principles or fairness, openness, transparency and non-discrimination. These principles the Council has a duty to uphold when procuring goods, services and works.

4. Procurement Team

- 4.1. The Procurement team consists of two staff managed by the Procurement & Risk Services Manager. The team has had a vacant post of Procurement & Commissioning Manager for 11 months and this has impacted on ability to deliver some objectives. A CIPS Procurement Trainee was recruited in August 2023 as part of a restructure in the team, due to difficulties in recruiting a qualified and experienced officer.
- 4.2. The Procurement & Risk Services Manager has recently gained Fellowship status of the Chartered Institute of Procurement & Supply (CIPS). The Procurement Officer is qualified to Level 4 CIPS and undertaking Level 5 qualification currently, and the Graduate Procurement Officer will be starting to study Level 4 through a degree apprenticeship scheme.

5. Procurement Activity Completed

- 5.1. The team continues to provide full procurement services to Uttlesford District Council within the existing resources. This shared service is working well and provides affordable qualified advice for Uttlesford and resilience.
- 5.2. This arrangement also provides development opportunities for staff at Chelmsford and income for the Council. The team will be working with the Contract team and Uttlesford, to deliver a contract management framework during 224.
- 5.3. The service for Uttlesford resulted in 31 requirements of advice or tender support during the period Nov 2022 to 2023, with an award value of £ 7.1m. This included one OJEU full competitive tender process and 4 further awards over threshold value.

5.4. Support for Chelmsford in the same period resulted in 39 requirements for formal procurement advice or tender process with an award value of £6.6m. Of the 39 processes, 7 were over threshold value.

5.5. There were only 7 Compliance Register entries for the year of Nov 2022 to Nov 2023 for Chelmsford. Two of these entries were for apprenticeships, where only one local or specialist provider was suitable.

6. Planned Procurement Activity

6.1. The main focus for 2023 for the team is to prepare for the new Procurement Bill and train staff to raise awareness of the new legislation. Some changes to process will be required to ensure that a pipeline for future procurements is published.

6.2. A contract management framework is in the process of being designed and implemented for key officers. This is a recommendation from the 2023 Internal Audit Report and good practice across the organisation.

6.3. Continued development of contracts module and procurement data from the Enterprise Management System will be undertaken during 2024.

List of appendices:

Nil

Background papers:

- Social Value Procurement Policy
- Procurement Strategy 2020 – 2025

Corporate Implications:

Legal/Constitutional:

None

Financial:

As detailed

Potential impact on climate change and the environment:

None

Contribution toward achieving a net zero carbon position by 2030:

None

Personnel:

None

Risk Management:

None

Equality and Diversity:

None

Health and Safety:

None

Digital:

None

Other:

None

[Consultees:](#)

Relevant Policies and Strategies:

Procurement Strategy

Social Value Procurement Policy 2020 - 2025