

REPORT TO CABINET

Open/Exempt		Would any decisions proposed:			
Any especially affected Wards	Mandatory/ Discretionary/ Operational	Be entirely within Cabinet's powers to decide		YES /NO	
		Need to be recommendations to Council		YES/ NO	
		Is it a Key Decision		YES /NO	
Lead Member: Chris Morley, Portfolio Holder for Finance E-mail: clr.chris.morley@west-norfolk.gov.uk		Other Cabinet Members consulted: Portfolio Holder for Finance			
		Other Members consulted:			
Lead Officer: Alexa Baker, Monitoring Officer E-mail: alexa.baker@west-norfolk.gov.uk Direct Dial: 01553 616270		Other Officers consulted: Procurement and Contracts Manager			
Financial Implications YES /NO	Policy/ Personnel Implications YES/ NO	Statutory Implications YES/ NO	Equal Impact Assessment YES /NO If YES: Pre-screening/ Full Assessment	Risk Management Implications YES/ NO	Environmental Considerations YES /NO
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)					

Date of meeting: 14 January 2025

Subject: Adoption of new Contract Standing Orders and Procurement and Contract Management Strategy

Summary

This report introduces a new set of Contract Standing Orders (CSOs) for Cabinet's approval to recommend to Full Council for adoption into the Constitution. The CSOs capture the recommendations from the ongoing Procurement Transformation project and changes introduced by the Procurement Act 2023 which comes into effect on 24 February 2025. A new Procurement and Contract Management Strategy is also attached for approval within Cabinet's powers, which sets out the strategic direction for the delivery of the Procurement and Contract Management function between 2025-2027.

These two documents are brought for consideration together as they compliment one another and each capture the objectives and principles required by the new procurement regime.

Recommendation

Cabinet recommends to Full Council:

1. The adoption of the Contract Standing Orders attached as Appendix 1 into the Constitution from and including 24 February 2025 as a replacement to the current Contract Standing Orders.

Cabinet resolves:

2. To approve the Procurement and Contract Management Strategy attached as Appendix 2.
3. Authority be delegated to the Monitoring Officer in consultation with the Portfolio Holder for Finance to make revisions to the Procurement and Contract Management Strategy to reflect relevant changes within the revised National Procurement Policy Statement issued under section 13(3)(c) of the Procurement Act 2023

Reason for Decision

To modernise the Council's processes for procuring and entering contracts, to update the Council's strategic approach to procurement to ensure alignment with corporate priorities and to ensure compliance with the new statutory regime.

1. Executive Summary of Changes

- 1.1 *Increasing use of technology and modernising system processes* for example through the introduction of a web based 'Quick-call' system to conduct a multiple quotes process, the introduction of an electronic signature provider to complete contracts and raising the sealing threshold to £500,000.
- 1.2 *Updating Thresholds* for below threshold procurements to bring them into line with standard practice in local government.
- 1.3 *Introduction of Proportionate Procedures* to promote a flexible, relevant and proportionate approach to procurement requirements, removing unnecessary checks and delays and removing barriers to SMEs and micro businesses.
- 1.4 *Separating Regulatory, Strategic and Operational content*, so that the CSOs set out the higher level regulatory and legislative content whilst stripping out operational detail. The CSOs will be supplemented by an operational 'Procurement Officer Handbook' which will be extrapolated into the new Intranet for access by officers and Members. The Procurement and Contract Management Strategy sets out the strategic approach to delivering against the CSOs, in particular the principles and objectives.
- 1.5 *Increased profile of Contract Management*. It has been routinely observed amongst commentators that the Procurement Act 2023 could have been called the 'Procurement and Contract Management Act 2023', such is the direction of the legislative content. Procurement under the new legislation is now defined to include the whole lifecycle

of the contract. KPIs and performance against them will now need to be published for contracts over £5m and notices must be published where contracts are modified. Operational content for contract management is a key theme of delivery for the Procurement Transformation Project.

- 1.6 *Introduction of a Central Digital Platform* will replace the Find a Tender Service and Contracts Finder. Suppliers will be able to register and upload core information which can be drawn on by contracting authorities automatically so that suppliers do not have to continually upload the same information.
- 1.7 *Notices* to improve transparency and understanding of contract and procurement processes. There are around 8 new notices that will need to be administered by the Procurement and Contract Management team, including Contract Performance Notices and Contract Termination Notices.
- 1.8 *Increased focus on exclusion and debarment* of unsuitable suppliers to include a centralised 'Debarment List' maintained by central Government to prevent a contractor being able to perform extremely poorly on a public contract and then cross the border to win a new contract where the new contracting authority has no way of knowing or being able to take the previous poor performance into account.
- 1.9 *Increased focus on social value and sustainable procurement* via the National Procurement Policy Statement which we must have regard to. A new Social Value policy is proposed to be introduced by the Council to address this increased focus.
- 1.10 *Building local supplier contract and SME spend* via the approach set out in the Procurement Strategy to support the Corporate Strategy.

2. Background

- 2.1 Under section 135 of the Local Government Act 1972 a local authority is required to make standing orders for contracting of goods, works and services.
- 2.2 The procurement regulatory regime can be described as two tiered. Contract Standing Orders apply to both tiers.
- 2.3 The first tier is for those contracts that are above the statutory contract value thresholds. In these cases, the full statutory regime must be applied. That statutory regime is about to change with the commencement of the Procurement Act 2023 and associated secondary legislation on 24 February 2025.
- 2.4 The second tier is for those contracts below statutory contract value thresholds. In these cases, the Council has far more discretion as to how competition should be secured and which methods for procurement are adopted.

- 2.5 There is an ongoing Procurement Transformation project underway within the Council, which builds on the 'healthcheck' work undertaken by the East of England Local Government Association since 2023 in conjunction with the Procurement and Contract Management team.
- 2.6 There have been a number of workshops involving procuring officers over the last 18 months, and presentations have been delivered internally to the Senior Leadership Team, Cabinet and a pre-Council briefing was held in July 2024 to share information on the upcoming changes, to include the adoption of a new set of Contract Standing Orders.
- 2.7 The purpose of the revised set of Contract Standing Orders and Procurement and Contract Management Strategy is to capture the requirements of the incoming legislation, but also to implement the recommendations identified within the Procurement Transformation project.
- 2.8 The new Government is still considering revisions to the proposed National Procurement Policy Statement which we are required to have regard to under the Procurement Act 2023 hence the delegation included in the recommendations to update the Procurement and Contract Management Strategy once the revised content of the National Procurement Policy Statement is known.

3. Key Issues

- 3.1 Appendix 1 is the proposed new set of Contract Standing Orders.
- 3.2 Appendix 2 is the proposed new Procurement and Contract Management Strategy.
- 3.3 Appendix 3 provides an overview of the significant changes brought about by new statutory regime.
- 3.4 Appendix 4 sets out a list of 'key issues' that draws out the significant changes to proposed new Contract Standing Orders from the current version within the Council's Constitution.
- 3.5 Appendix 5 sets out Norfolk District authority benchmarking on procurement thresholds (below statutory thresholds).

4 Options Considered

- 4.1 It is a statutory requirement for the Council to adopt Contract Standing Orders. There are elements of the Contract Standing Orders that are required in compliance with the statutory regime and there are elements that are at the Council's discretion to determine.

4.2 There is no statutory requirement to have a Procurement and Contract Management Strategy, but given the significant governance and compliance role played by the Procurement and Contract Management function for protecting public funds, it is recommended that a Procurement and Contract Management Strategy be approved by Cabinet.

4.3 The Procurement and Contract Management Strategy is also the vehicle through which some of the themes, principles and objectives of the new procurement regime are captured, furthering our commitment to compliance with the legislative framework.

4.4 Options available are:

No	Option	Impact
1.	Do nothing	<p>We have already been awaiting the new statutory regime before updating the Council's Contract Standing Orders and Procurement and Contract Management Strategy which are out of date. This has been identified by an internal audit and Audit Committee has been keeping a watching brief on the statutory developments. Doing nothing would perpetuate the non-compliance with audit recommendations and reportable to our external auditors and to Full Council by the Monitoring Officer.</p> <p>Doing nothing would also perpetuate the very out of step processes we have around thresholds and contract completion, whereas the drive is to transform and modernise processes to support efficiencies and effectiveness for officers and the Council's contractors.</p>
2.	Change only the legislative requirements and not update the 'healthcheck' transformation recommendations	<p>As above.</p> <p>The diagnostics and workshops undertaken in conjunction with the EELGA have demonstrated a dire need for the Council's systems and processes to be modernised to support officers delivering the Council's services.</p>
3.	Introduce legislative requirements and 'healthcheck' transformation recommendations to progress and deliver the Procurement Transformation	Recommended option

	project	
--	---------	--

5 Policy Implications

The revised Contract Standing Orders and Procurement and Contract Management Strategy align procurement processes with corporate priorities and statutory requirements.

Key policy links include:

Corporate Strategy: Efficient and effective delivery of Services
Social Value Policy
Climate Change Strategy and Action Plan
West Norfolk Economic Strategy

6 Financial Implications

There are no direct financial implications as a result of adopting the attached Contract Standing Orders. There will be short term financial implications in terms of cost of training for officers and Members on the new procurement regime.

The wider strategic aim of the Contract Standing Orders and Procurement and Contract Management Strategy is to provide value for money for the public pound spent by the Council and driving efficiencies within the Council.

7 Personnel Implications

Officer training will be essential to ensure successful implementation of the new procurement regime. This includes:

- Workshops to scenario model with officers with revised processes.
- Updated e-learning
- Deep dive training into identified areas of interest, for example contract management.
- One on one support from the Procurement and Contract Management team to support the transition period.

The tender caseload of the Procurement and Contract Management team will change by increasing the thresholds, meaning that the team's resource can be more strategically applied to supporting the high-value/high-risk tenders and contracts and providing a more personal 'business partner' approach to supporting service areas across the Council.

8 Environmental Considerations

The new procurement regime will have a refined focus on aligning with strategic policy objectives around climate change and using the procurement regime as the means to support the Council's net zero ambition.

9 Statutory Considerations

- 9.1 The regulatory regime currently governing local government procurements is largely set out in the Public Contracts Regulations 2015 (PCR 2015).
- 9.2 The Procurement Act 2023 and supporting regulations comes into effect on 24 February 2025. Once implemented, the Act will replace the current Public Contracts Regulations 2015, the Concessions Contracts Regulations 2016 and the Utilities Contracts Regulations 2016 to become the applicable regulatory regime for local government procurements.
- 9.3 There will be a transition period where some tenders, contracts and frameworks are still caught by the PCR 2015 after 24 February 2025. The Procurement and Contracts Management team will monitor these transitional tenders and contracts to ensure the correct regulatory regime is applied.

10 Equality Impact Assessment (EIA)

(Pre-screening report template attached)

No direct impact.

11 Risk Management Implications

- 11.1 The Council's corporate risk register includes several related risks. Firstly, "Risk 11 – Statutory compliance" which concerns the failure to implement and maintain statutory compliance management systems and secondly, "Risk 13 – Contract/Supply failure" which concerns the failure to manage contracts with key suppliers. The proposed adoption of revised Contract Standing Orders and a new Procurement and Contract Management Strategy mitigate against the occurrence of Risks 11 and 13.
- 11.2 The new procurement arrangements will also support activities that reduce the Council's carbon emissions arising from the procurement of goods and services. Such activities will be a valuable mitigation for "Risk 10 – Climate change mitigation and adaptation" given the contribution to reducing the council's scope 3 emissions and its pathway to net zero carbon emissions by 2035.
- 11.3 More specific risks related to the implementation of the revised Contract Standing Orders and Procurement and Contract Management Strategy include:
 - 11.3.1 Non-compliance with statutory requirements: Mitigated through adoption of revised Contract Standing Orders.

- 11.3.2 Implementation challenges: Addressed through ongoing Procurement Transformation project, effective communication, training and phased rollout.
- 11.3.2 Resistance to change: Overcome through engagement with officers and stakeholders.

12 Declarations of Interest / Dispensations Granted

None

13 Background Papers

None