

1. Key information concerning the County Council's spend data, including performance based on supplier locality and the approach taken to the delivery of social value.

Lancashire County Council Procurement Spend

Lancashire County Council buys a broad range of goods, works and services to enable the delivery of an effective service for the people of Lancashire. As this is public money we must comply with UK legislation in addition to our own internal Procurement Rules.

The table below summarises the top twenty suppliers by approximate spend in the financial year 2023/24.

Supplier	Approximate 23/24 Spend	Category
SUEZ RECYCLING & RECOVERY UK LTD	£34,800,000	Waste
NPOWER COMMERCIAL GAS LTD	£20,800,000	Energy
HCRG CARE SERVICES LTD (FORMALLY VIRGIN CARE SERVICES)	£19,600,000	Public Health
CGL SERVICES LTD	£16,900,000	Public Health
MATRIX SCM LTD	£15,500,000	Agency Staff
GUARDIAN HOMECARE	£15,200,000	Adult Social Care
COSTAIN LTD	£14,400,000	Construction
REED SPECIALIST RECRUITMENT LTD	£10,700,000	Agency Teaching Staff
ALTERNATIVE FUTURES GROUP LTD	£10,600,000	Adult Social Care
ACORN CARE & EDUCATION- SALES LEDGER	£10,200,000	Children & Young People
RALPH LIVESEY LTD	£10,100,000	Food
DISABILITY EQUALITY (NW) LTD	£9,100,000	Adult Social Care
SOFTCAT PLC	£8,800,000	Digital
BROTHERS OF CHARITY SERVICES	£8,600,000	Adult Social Care
TOTALENERGIES	£8,100,000	Energy
ONE FYLDE LTD	£7,600,000	Adult Social Care
LANCASHIRE WASTE RECYCLING	£7,500,000	Waste
DOVEHAVEN CARE HOMES LTD	£6,800,000	Adult Social Care
BLACKPOOL TEACHING HOSPITALS NHS FOUNDATION TRUST	£6,100,000	Public Health
GLENVALE TRANSPORT LTD	£5,700,000	Transport

Lancashire County Council has a significant 'tail' to its spend which impacts on transaction costs. 'Tail spend' refers to the portion of procurement spending that involves numerous small-scale, sometimes ad-hoc transactions. These transactions are typically low in value but collectively can account for a significant portion of the total number of transactions. Despite their low individual value, they can represent a substantial part of the overall expenditure. This can be understood as a positive in the context of the number of micro, small, and medium enterprises the Council is likely to be engaged with. The top 40 suppliers by spend account for approximately £400m worth of spend in 2023/24, whereas supplier spend of less than £100k per supplier accounted for around 6,000 suppliers at a value of approximately £75m.

Current Limitations of Reporting on Spend

In preparing information for this report the following limitations on reporting capability must be noted:

- It has not been possible to breakdown supplier spend by the size of supplier. This is not information held in county council systems. It may be possible to obtain this information via a third-party service, though regular updates would be required as it would be a transient dataset.
- It has not been possible to utilise head office address information. This is not information held in county council systems. The information provided later in this report is based on spend concerning registered supplier site addresses in Oracle Fusion, however it will not always be indicative of where the organisation is headquartered.

The current [contract register](#) is available on the Lancashire County Council website and the public document is updated every quarter. All significant contracts are recorded in the contract register alongside key dates and awarded value. Contract and supplier spend can be calculated from reporting within the financial management system.

Teams are reviewing with colleagues in Digital Services activities that would improve data quality:

- Functionality linking the contract register to Oracle Fusion to regularly monitor all contract and framework spend on a regular and ongoing basis.
- Functionality to cleanse and update the Oracle Fusion supplier database.

The existing supplier and spend taxonomy within our systems was inherited from Oracle R12. Better quality information concerning the Council's spend with suppliers could be achieved by updating and cleaning supplier classifications and managing requisition purchasing categories more closely. To date, the key challenge in implementing the improvements described is ensuring resource with the appropriate expertise is available to implement the changes. The investment in the procurement operating model should permit this additional activity to take place.

Locality Spend Information

The five-year historic spend information set out in the next table is derived from paid invoice data as recorded in Oracle R12 and Oracle Fusion. Based on the supplier's registered address in Oracle it is possible to provide an indication of the location of the supplier. On this basis the Council is somewhat consistent in achieving a 40-50% spend with suppliers that have a Lancashire address registered in Oracle.

It can be noted that from the inception of Oracle Fusion in January 2023 the spend report utilised was required to be rebuilt and rescoped for Fusion and to include a broader dataset following data migration from Oracle R12.

Year	Value of spend, supplier with Lancashire address	Total invoice payments reported	% Value of spend, supplier with Lancashire address
2019/20*	£313,796,035	£660,870,122	47%
2020/21	£466,656,416	£979,255,643	48%
2021/22*	-	£1,093,299,978	-
2022/23*	£179,425,017	£415,883,403	43%
2023/24	£849,618,863	£1,643,247,174	52%

*data for these years is missing or incomplete. This data is in the process of being extracted with the support of Digital Services. The switch from Oracle R12 to Oracle Fusion has provided some challenges in extracting this data in the form required.

Locality Performance on Contract Awards

The procurement function routinely monitors contract award activity, tracking the registered address of the organisation as submitted in their tender, alongside the Small to medium sized enterprise (SME) and VCFS status. The figures vary significantly month to month depending on the scale and nature of the goods, works and services awarded. Actual spend following the award of contracts or framework agreements is also subject to variation.

Overview		Apr-23	May-23	Jun-23	Jul-23	Aug-23*	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total value of tenders awarded		£5,507,000	£5,846,000	£13,650,000	£324,429,000	£3,525,950,000	£17,646,000	£7,109,000	£309,000	£2,929,000	£6,522,000	£28,106,000	£5,546,000
Number of suppliers appointed		9	7	14	21	129	17	13	5	8	18	26	15
Location	% in Lancashire	22%	29%	29%	57%	65%	41%	38%	40%	38%	44%	46%	7%
	% in Northwest	44%	29%	14%	29%	13%	24%	31%	40%	38%	0%	12%	13%
	% outside Lancashire	33%	43%	57%	14%	22%	35%	31%	20%	25%	56%	42%	80%
Status	No. SME	6	4	5	3	82	5	5	5	6	9	11	5
	No. in VCFS sector	0	0	3	0	2	0	0	0	0	7	2	0

*Living well at Home PDPS Award took place this month

Procurement plays a significant role in supporting local suppliers through various strategies and initiatives:

- Review and simplifying the Council's procurement processes: By streamlining and simplifying procurement procedures, we can make it easier for small and local suppliers to participate in the bidding processes. This includes reducing administrative burdens and providing clear guidance on how to apply.
- Engaging with Local Suppliers: Specific tender process briefings (open to all suppliers) are undertaken where this is considered to be beneficial. Attendance at 'meet-the-buyer' events has not been regular, with just one example in the last 12 months. Regular engagement with local suppliers through workshops, 'meet-the-buyer' events, and supplier forums can help build relationships and provide suppliers with valuable insights into upcoming opportunities and requirements.
- Transparency and Communication: The Council publishes its procurement pipeline, contract register, contract opportunities, and award decisions to help local suppliers stay informed and plan accordingly.
- Encouraging Collaboration: Where relevant and appropriate, tender processes have sought to promote collaboration among smaller suppliers, such as forming consortia to bid for larger contracts, can help them compete more effectively against larger, national firms.

It may be possible to prioritise local suppliers in under threshold procurement processes and this is an opportunity that is being explored with Legal Services.

Social Value

Social value considers the wider economic, community or environmental benefits than can be generated through how Lancashire County Council delivers its activity and services, including when procuring goods, works or services from the Council's suppliers. These benefits can be measured through financial and non-financial metrics and can encompass the entire supply chain. This means that for every £1 spent by Lancashire, our suppliers can calculate the added-value return over and above the £1 cost.

Lancashire seeks to significantly accelerate its economic growth, generate thousands of new high-value jobs, and become a trailblazer in tech, low carbon, digital and other in-demand and globalised industries. Within all of this is the necessity to support our population in Lancashire by developing healthy and resilient neighbourhoods. After all, our communities are key to co-developing the infrastructure and tools to manage health and wellbeing and address the causes of poverty, ill health and long-term care needs.

Facilitating these ambitious goals requires more than just a vision and a plan to succeed, it requires Lancashire County Council to make the most of the levers at our disposal as a public body to generate positive outcomes that contribute to both local and regional priorities.

The Council's [social value policy](#) aligns our organisational priorities (both corporate and Lancashire 2050) with the national social value framework. This enables the Council to measure and report against a national standard whilst delivering local benefits. This approach will change how we procure goods and services in a way which creates maximum benefits for Lancashire. Lancashire is able to generate additional community, economic and environmental benefits as a result of the decisions we make when it comes to spending public money. This means that our partners, suppliers, contractors and service providers will not just be expected to deliver additional benefits, but to measure and report against them too. The delivery of these wider contributions to society is commonly known as 'social value'.

Overall, social value outcomes are most effective where there is a consistent and supported approach. As a result, there are three approaches to delivery social value:

1. 'Additional Social Value', this refers to social value created through activity which goes beyond a business-as-usual scenario. This relates to activity which is over and above what is required to be successful in winning a contract.
2. 'Prescribed Social Value', this refers to social value created through activity which has been advised or encouraged in a formalised way. This relates to activity which has been encouraged to support delivery against an organisation's strategy.
3. 'Required Social Value', this refers to social value created through activities which have been predefined and are key to deliverable. This relates to activity that's an obligation as part of a contract.

The Council has evolved from an 'additional social value' approach to a 'prescribed social value', in that the Council has prescribed an approach and defined a list of measures to meet the needs of Lancashire. Whilst the 'required social value' is not current policy, the Council's social value plan has the flexibility to scale up on a contract by contract basis. For instance, the Council's Fostering Team have ambitions to make it a contractual requirement for service providers to support the delivery of the Fostering Team's plans through prioritising the hiring of young people from a fostered background. Whilst this will not make a direct saving to the relevant contract, the wider benefits to the Council, and public sector budgets as a whole, will create long term savings in the cost of an unemployed individual.

Our social value policy is about creating connection to society and community. To build a consistent approach that supports Lancashire 2050, the Council is working with all Lancashire councils, via the Lancashire Social Value Practitioners Group, towards a shared social value outcome.

The Council has also engaged the Social Value Portal. The Social Value Portal is social impact company that prevents 'greenwashing' and sets tangible action. Their mission is to engage, enable and empower people and organisations to work together in the pursuit of social, economic and environmental wellbeing.

The Social Value Portal will support the Council to bring rigour to the way it measures, manages, and reports social value. In time this will help the Council demonstrate exactly how the Council, and its suppliers, are making a difference in communities.

There have been delays in introducing measurable social value into our procurement procedures as we have worked internally to align the Social Value Portal procedures with Lancashire tender processes and contracts. From October 2024 measurable social value supported by the Social Value Portal will be included in all applicable procurement processes. Once results from contracts commencing begin to be recorded Lancashire will have access to a portal to enable comparison of social value delivery with peer authorities on a nationally recognised basis.

Other Social Value Models

Several social value models are employed in the region, the following is a summary of specific activity.

Preston Community Wealth Building Project

The Preston Model is an approach to Community Wealth Building implemented by Preston City Council and its partners in Lancashire. The Preston Community Wealth Building Project aims to create a resilient and inclusive local economy. The following methods are utilised:

- **Progressive Procurement:** the model focuses on localising below threshold spending by anchor institutions (including Lancashire County Council) to boost local supply chains and economic competitiveness.
- **Workforce Development:** the model emphasises building a skilled workforce, paying a living wage, and encouraging local spending.
- **Asset Utilisation:** Uses local assets to attract investment, support new businesses, and consider community asset transfers.
- **Economic Democracy:** Promotes alternative economic governance models, like cooperatives, to give citizens more control over their economic future.

The Preston Model has had a significant impact on local employment:

- **Increased Local Spending:** The model has increased local procurement, with £112.3m retained within Preston and £488.7m within the wider Lancashire economy.
- **Job Creation:** Since its inception, 4,000 additional employees in Preston are now receiving the Real Living Wage.
- **Improved Wellbeing:** The model has also led to improvements in mental health and life satisfaction, correlating with increased wages.

- Collaborative Efforts: The success is attributed to collaboration between local institutions, including the City Council, Lancashire County Council, and local colleges.

Source/Further information:

<https://www.preston.gov.uk/article/1335/What-is-Community-Wealth-Building>

<https://www.preston.gov.uk/article/1791/The-definitive-guide-to-the-Preston-model->

The Oldham and Rochdale Co-Operative Model

The Oldham and Rochdale co-operative model for community wealth building focuses on collaboration between large local employers (anchor institutions) and smaller co-operatives. The following methods are utilised:

- Anchor Institutions: These are large local employers and purchasers of goods and services that work together to build community wealth.
- Collaborative Networks: Smaller co-operatives and anchor institutions form networks to support local economic growth.
- Sustainable Prevention and Social Action: The model emphasises sustainable prevention, social action, and change to achieve broader community outcomes.
- Community Capacity: It aims to build and grow community capacity through effective collaboration with various sectors.

Source/Further information:

<https://www.councils.coop/case-study/thriving-communities-oldham-council/>

<https://cles.org.uk/wp-content/uploads/2019/09/Introduction-to-CWB-29082019.pdf>

2. The legislative framework in which procurement operates, the role of Procurement and services in the associated activity

Legislative Framework for Procurement

In the post-Brexit landscape, UK local government bodies operate under a legislative framework that has undergone significant changes to adapt to the new political and economic environment. The framework is designed to ensure that procurement processes are transparent, competitive, and yield value for money while complying with the legal requirements.

The Public Contracts Regulations 2015 (PCR 2015) laid the foundation for procurement practices in the UK. These regulations implemented the 2014 EU Public Sector Procurement Directive and introduced reforms to make public procurement more accessible to small businesses.

Post-Brexit, the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 were introduced to align UK procurement regulations with the transitional provisions of the ratified Withdrawal Agreement. This legislation ensured continuity for ongoing procurement procedures commenced before the end of the Brexit transition period. It also established the Find a Tender service, which replaced the Official Journal of the European Union (OJEU) for publishing notices.

The Provider Selection Regime (PSR), which came into force on 1 January 2024, is a set of rules for procuring healthcare services in England. It was introduced by regulations made under the Health and Care Act 2022 and is designed to allow flexibility and collaboration across systems while ensuring decisions are made in the best interest of patients and service users. The PSR outlines direct award processes, the most suitable provider process, and competitive processes, each with its own set of compliance requirements.

The Procurement Act 2023 (the Act), which will become effective from 28 October 2024, represents a significant overhaul of the procurement landscape, establishing a new public procurement regime. It introduces key definitions, principles, objectives, and procedures for the award of public contracts, including competitive tendering procedures, direct awards, and new commercial contracting vehicles. The Act aims to simplify processes, promote transparency, and enable contracting authorities to procure goods, services, and works that deliver the best outcomes.

The Act introduces several measures to enhance transparency for suppliers in the UK public procurement process:

1	Central Digital Platform – The Act establishes a central digital platform where suppliers will register and store their details. This platform will allow suppliers to see all procurement opportunities in one place, making it easier to find and bid on contracts
2	Publication of Notices – the Council will be required to publish notices at various stages of the procurement lifecycle. This will include notices for tender opportunities, contract awards, modifications, and terminations. This ensures that suppliers have access to up-to-date information about procurement activities.
3	Simplified Bidding Processes – The Act will simplify the bidding process by reducing administrative burdens. Suppliers will be able to submit basic business information once and use it for multiple bids, saving time and reducing duplication.
4	Enhanced Data Accessibility – The central platform will improve the quality and accessibility of commercial data, allowing all suppliers to better understand procurement opportunities and the performance of contracting authorities.

5	Prompt Payment – The Act includes provisions for prompt payment to suppliers, so that businesses, especially small and medium-sized enterprises, receive timely payments for their services.
6	Stronger Exclusions Framework – The Act will introduce a stronger framework for excluding underperforming suppliers, which will help maintain high standards and fairness in the procurement process.

The Public Services (Social Value) Act 2012 requires English and Welsh public authorities to consider social value during the pre-procurement stage, emphasising its importance in achieving meaningful outcomes. Social value in public procurement allows organisations to drive positive changes in communities, the environment, and the economy. By integrating social value into procurement decisions, we ensure that purchasing not only achieves value for money but also contributes to broader societal well-being.

The Council also has its own internal Procurement Rules outlined in the Constitution. These rules, currently under review, will reflect the requirements of the outgoing Public Contract Regulations 2015 (for a transitional period) along with the Provider Selection Regime and the Procurement Act 2023, providing an auditable framework for procurement activities.

In summary, the legislative framework governing UK local government procurement post-Brexit is multifaceted, incorporating elements from pre-existing EU-influenced regulations, new UK-specific legislation, and individual council rules. This framework aims to balance the need for compliance and standardisation with the flexibility required to address local needs and priorities effectively. The transition to this new framework has been a complex process, requiring adaptation and a thorough understanding of the new regulations by procurement professionals within local government bodies.

Lancashire County Council Procurement Service

Lancashire County Council’s Procurement service is responsible for purchasing goods, works and services that enable the council to meet its statutory objectives and vision whilst achieving value for money. They are responsible for the end-to-end procurement lifecycle and for seeking to ensure compliance with relevant legislation. The Procurement Service is a key enabler for Lancashire County Council to balance cost and quality in spend and support the Council to deliver its outcomes cost effectively. The service supports the management of a considerable amount of addressable spend (£1.07bn), associated with a significant number of contracts (over 500). It does so through structuring the team by service area sub-teams for category management, information management and managing Purchase/Requisition to Pay activity:

Category Management	Category management is the strategic approach used to optimise procurement processes. It involves organising goods, services, and suppliers into specific categories to enhance efficiency, reduce costs, and improve service delivery. At the county council, Category Management is split into four categories: Corporate, Construction and Assets, Digital and Care and Public Health. Category Management is broadly comparable to a business partnering approach but with delineation based upon the goods, services or supplies procured to enable the Council to take advantage of economies of scale through aggregating requirements. All staff within Category Management are Members of the Chartered Institute of Procurement & Supply, working towards this goal or have substantial vocational experience in the field.
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Purchase to Pay	Purchase to pay teams process requisitions received from service areas, support requisitioners with queries and undertake low level sourcing activity, interacting with suppliers as well as internal teams.
Procurement Information Management	The Procurement Information Management team manage system information for a range of systems such as Oracle Fusion, HAMS, PAMS, LAS and ContrOCC. The team provide support to internal teams to set up new information requirements as well as providing email and telephone support to suppliers and payees. The team collates spend data as well as procurement performance data, and their role includes management of the contract register and its publication.

Whilst the most significant contracts in terms of value and risk are sourced by Procurement, inevitably a degree of procurement (and notably contract management activity) falls to service areas to undertake. Commissioning activity is undertaken by service areas which instruct Procurement on the priorities for sourcing activity.

Contract Management Activity	<p>Contract Management concerns the effective management of the contract lifecycle, from creation to ongoing management and conclusion. This involves ensuring that contracts are well-drafted, compliant, and actively performance managed throughout their duration to minimise risks, optimise performance, and foster positive relationships with suppliers. Contract Management can involve the monitoring the wider supply chain, considering security of supply, health and safety concerns and cyber compliance.</p> <p>Contract management activity is substantially devolved across the Council. Whilst some contract and supplier relationship management activity occurs within the Procurement service, the majority is not. Where there is a concentration of contracts several service areas have dedicated resource for activities and implement a proactive or reactive approach to contract and supplier relationship management. For services with relatively few contracts associated with their function it is not uncommon for contract and supplier relationship management to be absorbed into one or more roles alongside the substantive function of the service.</p>
Commissioning Activity	Commissioning is a role distinct from procurement. While procurement focuses on the process of acquiring services, commissioning encompasses the broader strategy of planning, implementing, and monitoring services to ensure they deliver the desired outcomes. Key commissioning functions include assessing and specifying needs and monitoring the overall effectiveness of the goods/services/works delivered.

The Role of Procurement and Services

Within the Council, Procurement will be responsible for all procurement activity and services will be responsible for all commissioning activity. Responsibility for contract management activity will be split between Procurement and services, dependent on a defined decision matrix that identifies responsibility. Common standards, templates and good practice will be developed by Procurement. Resources delivering commissioning activity across the Council remain within services. Resources delivering contract management activity across the Council

remain within services, though there will be a small, skilled and experienced team of contract managers within Procurement.

Improvements have been identified across the management of third party spend, contract management and the procurement operating model. Notwithstanding that all major spend areas are covered by contracts there remain opportunities to deliver benefits in high spend categories by further developing and implementing category strategies and/or reviewing existing high value contracts. The Council can also implement an enhanced procurement function design that will support delivery of savings.

In order to develop procurement and contract management, activities are planned and being undertaken alongside the key service objective of managing readiness for the Procurement Act 2023.

3. Assurance regarding governance, scrutiny and performance concerning procurement activity and the potential opportunities to enhance the same.

Governance and Scrutiny for Procurement Activity

Procurement and procurement activity is regularly subject to review by the Internal Audit service. Recent audit activity includes:

- Contract register – procurement and contract monitoring (ongoing)
- Procurement Act 2023 (ongoing)
- Use of employment agencies Children's Social Care (final report December 2023)
- IT Procurement (final report November 2023)

Governance procedures concerning the long-term future planning of commissioning and procurement activity, as they pertain to the medium-term financial strategy are under review. Most recently, a cross-functional group was formed to review upcoming procurement projects and report to Strategic Finance Board on upcoming procurement activity. This approach will in time establish an 18-24 month forward plan of known procurement activity and provide greater visibility for financial risk management activity.

The Council's Procurement Rules are currently undergoing a review. Proposed changes that will be subject to approval include an updated waiver and non-compliance regime that will provide clarity concerning the review of waivers and scrutiny from senior officers and relevant members for non-compliance.

Routine procurement reporting includes key performance indicators focusing on timely delivery of the procurement programme and the submission of updates to Compliance and Assurance Board. As set out in an earlier section of this report Procurement also monitors supplier contract awards by locality, SME and VCFS status.

In 2023/24 a third-party consultancy undertook a procurement diagnostic concerning external spend, contract management and the procurement operating model, making recommendations for increased governance and controls.

Future Performance Measurement and Benchmarking

It is intended that Procurement will utilise the Commercial Continuous Improvement Assessment Framework (CCIAF). The CCIAF is a strategic tool designed to enhance the commercial practices of public sector organisations, including UK local government bodies. It was developed in collaboration with entities such as NHS England and Improvement and the Local Government sector. The framework is part of the Government Commercial Function's (GCF) effort to standardise and improve commercial operations across the public sector.

Internal Procurement and Contract Management key performance indicators ought also to be developed further.

Potential Opportunities

As opportunities present themselves, the Council may also wish to consider reviewing the 'make or buy' decision and the impact of any devolution deal.

The Make or Buy Decision

In the context of UK local government authorities, the decision to make or buy, that is, to provide services in-house or to outsource them, is significant and requires careful consideration of various factors. The decision-making process employed can utilise a Delivery

Model Assessment, which is an analytical and evidence-based approach to assist in reaching a recommendation on whether a department should deliver a service in-house, procure from the market, or adopt a hybrid solution.

The Delivery Model Assessment process involves several steps, starting with framing the challenge and defining the service and delivery options. It includes identifying strategic and operational evaluation criteria, building a 'Should Cost Model' to understand whole life costs, and conducting an evaluation of potential delivery models against these criteria.

When considering outsourcing, key considerations include the potential for cost savings, access to specialised expertise, and increased efficiency. However, risks such as loss of control over the service quality, potential job losses, and dependency on external suppliers must also be taken into account.

On the other hand, insourcing can offer greater control over service delivery, the opportunity to build in-house expertise, and potentially better integration with other local government services. Yet, it may also come with challenges like higher upfront costs, the need for significant investment in staff training, and potential difficulties in scaling services up or down in response to changing demands.

A mixed economy approach, where some services are outsourced while others are kept in-house, can offer a balance, allowing local authorities to capitalise on the strengths of both in-house and outsourced service provision. This approach can provide flexibility, as the authority can retain control over critical services while benefiting from the expertise and economies of scale that external providers can offer for less critical services. Examples at the Council include care home provision or traditional road surfacing where the Council maintains an in-house function alongside the procurement of outsourced services/works.

Ultimately, the decision will be based on an analysis of all relevant factors, including cost, quality, risk, and the strategic alignment of the service with the authority's objectives. It's also essential to consider the legal framework governing local authority duties and decision-making, ensuring that any decisions are made in accordance with statutory requirements and best value principles.

There is no one-size-fits-all answer to whether the Council should outsource or insource services. The Council must assess its unique situation, requirements, and strategic goals to determine the most appropriate delivery model for its services. The Delivery Model Assessment provides a structured framework to guide authorities through this complex decision-making process. Outsourcing on a large scale can offer benefits but also comes with significant risks and trade-offs that must be carefully weighed against the potential advantages of keeping services in-house or adopting a mixed approach.

Combined Authority Procurement

The formation of a combined authority by local government bodies can provide opportunities to review how the procurement function operates. When multiple authorities come together, there may be an opportunity for a more centralised and streamlined procurement process. Implemented correctly, where shared objectives are identified, this could lead to increased efficiency, reduced costs, and improved negotiation power due to the larger volume of purchases in relevant categories.

A collaborative model or shared services model for procurement activity can provide several benefits. It allows for the consolidation of administrative tasks, which can result in cost savings

through economies of scale. Additionally, shared services can improve service delivery by standardising processes and making use of best practices across the combined authorities.

For instance, a review commissioned by the Cambridgeshire & Peterborough Combined Authority highlighted the need for improvements in governance, operating model, capability and capacity, and culture of compliance and contract execution within their procurement functions. The review suggested that a shared services model could help address these issues by providing a more unified and efficient approach to procurement.

The National Procurement Strategy for Local Government in England 2022 suggested that combined authorities or groups of councils can play a lead role in strategic supplier monitoring and engagement, which is a key aspect of procurement. This strategic role could be effectively fulfilled through a collaborative procurement hub or shared services model, which provides a cohesive structure for managing procurement activities. There are however challenges in any joint procurement activity that would need to be managed and overcome. These challenges could relate to the diversity of requirements, misalignment of objectives or strategy, resource or capturing requirements accurately.

The formation of a combined authority can have a positive impact on procurement functions, through collaborative approaches or shared services models. If implemented effectively, this can offer some benefits, including cost savings, potential to improve efficiency, and enhanced service delivery. It is essential for authorities to carefully consider the implementation of such a model to maximise its potential advantages.