



# Procurement

**Community, Cultural and Corporate Services Scrutiny  
Committee**

**September 2024**

# Procurement Matters

The report presented seeks to establish:

## [SECTION 1]

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

## [SECTION 2]

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

## [SECTION 3]

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



# SECTION 1

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

High Value Contracts

SME Agenda

Social Value

Tail Spend

Locality Spend

Data Quality



# County Council's Spend Data

- Simple spend data extraction possible: highlights top suppliers.
- Opportunities for further analysis to enhance understanding.
  - Potential to better understand the spend profile.
- Tail spend analysis
  - Explore local supply
  - Understand transaction costs



# Locality of spend

- The Council is somewhat consistent in achieving a 40-50% spend with suppliers that have a Lancashire address registered in Oracle Fusion.
- SME Agenda (and benchmarking)
- Further opportunities for analysis to enhance understanding.

Year	Value of spend, supplier with Lancashire address	Total invoice payments reported	% Value of spend, supplier with Lancashire address
2020/21	£466,656,416	£979,255,643	48%
2021/22*	£451,513,977	£946,638,105	48%
2022/23	£518,695,456	£1,135,781,956	46%
2023/24	£849,618,863	£1,643,247,174	52%

# 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.
- Introduction of the Social Value Portal
- Opportunities to learn from local examples



# SECTION 2

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

Legislative Framework

Procurement Service

Procurement Act 2023

Operating Model



# Procurement Act 2023

- The new Procurement Act 2023 takes effect 24 February 2025 (the delayed date).
- Prior to leaving the European Union public procurement legislation was derived from EU directives under four separate sets of regulations.
- The Procurement Act 2023 is regarded as an opportunity to create a simpler system.
- The key objectives of the Act are:
  - delivering value for money
  - maximising public benefit
  - sharing information
  - acting, and being seen to act, with integrity
  - treating suppliers the same unless we are justified in not doing so
  - support to SME's in removing barriers to accessing public contracts, directly or as part of the supply chain





# Procurement Act 2023



## Enhanced Transparency

### Broader notices regime

- Procurement pipeline visibility
- Publication of contracts (over £5m)
- Publication of contract performance (over £5m)
- Below threshold & payment notices
- Enhanced conflict of interest provision



## Enhanced Innovation

- New procurement procedure with supplementary procedures
- Changes to frameworks and contracting vehicles
- Duty to consider lots, SME agenda
- Central Digital Platform for suppliers and buyers
- Amended contract modification provision
- New direct award provision



# How are we preparing?

- We are engaging with Cabinet Office, Government Commercial Function and the LGA.
- We are engaging with northern community of practice and the wider Communities of Practice through the Government Commercial College.
- Procurement is undertaking centrally funded elearning and deep dive training provided by the Cabinet Office.
- Procurement, Legal and Audit have formed a readiness working group
  - Reviewing Procurement Rules within the Council's constitution
  - Reviewing procurement documentation and guidance
  - Monitoring progress against training objectives
  - Considering systems readiness
  - Developing Internal and external communications plans
- We are reviewing and developing self-service models for below threshold notices.



# Contract Management

- Contract Management concerns the effective management of the contract lifecycle, from creation to ongoing management and conclusion.
- 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.
- Whilst some dedicated contract management resource exists in services, there is an opportunity to increase consistency and strengthen the approach to contract management in general.



# SECTION 3

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

Audit

Benchmarking

Governance

Other Opportunities



# Potential for Benchmarking

- Neighbouring authorities: local spend
- Commercial Continuous Improvement Assessment Framework
- Local Government Association

**People**

**Data**

**Systems**

**Governance and control**

**Processes**

**Delivery Model**

