

# Cabinet

26 March 2025

## Procurement Forward Plan Report – over £500k (2025-26)

### For Decision

**Cabinet Member and Portfolio:**

Cllr S Clifford, Finance & Capital Strategy

**Local Councillor(s): N/A**

**Executive Director:**

A Dunn, Executive Director, Corporate Development

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**Report Status:** Public (the exemption paragraph is N/A)

**Brief Summary:**

The Dorset Council budget of £417.2 million for 2025/26 was approved by Full Council on Tuesday 11 February. This paper follows on from the budget approval and seeks approval to launch procurement activity. This paper has historically proceeded to Cabinet twice a year and its purpose is as follows.

For the purpose of procurement activity, a key decision, which requires Cabinet prior approval is a proposed procurement with financial cost or saving to the council of £500k or more. This report provides notice of the planned / known procurement activities that will need Cabinet prior key decision approval for 2025-26.

Commercial & Procurement have collaborated with colleagues across the Directorates and reviewed the contract management system to establish a

procurement programme for 2025-26. Procurement activity, within that programme, that are known / likely to exceed the £500k key decision threshold are set out in Appendix 1 for Cabinet's consideration.

**Recommendation:**

Cabinet is asked to consider the contents of this report in respect of proposed over £500k procurement activity for 2025-26 that are listed in Appendix 1 and to agree:

1. to begin each of the procurement procedures listed in Appendix 1 to the Report.
2. delegate authority to be taken by the relevant Cabinet Portfolio Holder, after consultation with the relevant Executive Director such as:
  - a. contract award (usually through a recommendation to award report)
  - b. agreeing changes (within the broad parameters of the procurement briefing notes available on request) related to matters including (usually through a project initiation document and tender evaluation model):
    - i. scope and contract description
    - ii. term
    - iii. value
    - iv. route to market e.g. tender or grant
    - v. contract consolidation
    - vi. and any relevant matters related the Council transformation programme.

**Reason for Recommendation:**

Cabinet is required to approve all key decisions with financial consequences of £500k or more. It is good governance therefore to provide Cabinet with a summary of all proposed procurements, that individually are estimated to be a total value of £500k or more, prior to procurement procedures formally commencing.

Cabinet is asked to note that certain decisions have returned to Cabinet on multiple occasions e.g. ERP. While delegation of authority is granted, it is not mandatory to exercise it, and there are circumstances where it might be prudent to bring a contractual decision outlined in this paper back to Cabinet; for example, sensitive decisions, high value decisions, or decisions which would be outside of the scope of the delegation.

For the avoidance of doubt, whoever holds the delegation has authority to make the final decision; whether to make a decision, or refer a matter back to Cabinet.

There is an expectation that whoever holds the delegation would exercise it in consultation with named consultees. They may also consult with other members such as informal cabinet or professional and service officers. The report enables Cabinet to identify whether any reports for procurement activities should be brought to Cabinet for specific executive decision, otherwise they will be dealt with under the delegation outlined.

## 1. Report

- 1.1 This report provides for Cabinet consideration, in Appendix 1, activity within the 2025-26 procurement programme, which are known to likely to exceed the £500k key decision threshold.
- 1.2 This report acts as the process to consult with and take soundings from Cabinet Members. The report seeks Cabinet agreement to start proposed procurements which, if successful, will each result in spend over £500k. If approval is given, the relevant Cabinet Member will be given delegated authority to agree the subsequent award of contract, following each successful procurement. As with any key decision, the scope of the award decision will be limited to the scope approved by Cabinet. High level details of each procurement are included within Appendix 1 and further information can be provided to Cabinet by the Commissioner.
- 1.3 Flexibility in the Council's forthcoming contracts is fundamental to the organisation to ensure contracts can adapt to future changes e.g. transformation changes as part of Our Future Council (OFC) programme.
- 1.4 Preparation for each procurement will consider how a contract may need to change in the future. For example, a procurement may include possible future contract extensions, future phases of work or services, increase or decrease of the scope of a contract. The details of each procurement, including flexibilities are set out in Appendix 1. Those flexibilities may be included within procurements and contracts. **Where additional flexibility is required following the approval of this Cabinet Report, an update will be included in a subsequent Cabinet Report, usually September and March as currently scheduled.** Advertisements (and notices) and Invitation to Tender (ITT) packs may include provisions for additional flexibility. The Council acknowledges that any utilisation of this additional flexibility must be referred to the Cabinet for approval, as detailed in Appendix 1, "Updates" (labelled A, B, and C) which balances the need for additional flexibility alongside clear and transparent decision making.

- 1.5 A contract will only commit the Council within the scope and spend set out in Appendix 1. If subsequent contract changes are required which are within the scope set out in Appendix 1, they will be, subject to agreement with a provider/supplier, satisfactory supplier performance, on-going need / demand best value and availability of additional funding and may be agreed within the scope of the delegation.
- 1.6 Further requests - As service and OFC transformation plans are developed it may be necessary to bring further requests for approval in respect of procurements over £500k that may be required to commence within 2025-26 timeframe. Usually, this additional paper will be brought to Cabinet in September. Appendix 1 is sent to Cabinet before detailed market testing so there are unknowns therefore Appendix 1 **may** need to be updated in September, and this will appear as outlined currently in the section entitled "Updates". The award and subsequent decisions are then delegated. Values are currently estimated (and need to consider market fluctuations and financial pressures). There is also a recognition that funding can go up and down and from external grants and contracts need to be flexible. Each procurement also has a background briefing note produced by Commissioners, and these are available on request by Cabinet.
- 1.7 Publication of procurement pipeline whilst this report is in respect of 2025-26 procurement activity, the approach of Commercial & Procurement is to review potential future activity so that the Council can provide the market with information about current and future public contract opportunities. In addition, the Council is required to publish a forward-looking procurement pipeline in accordance with the Procurement Act 2023. This is a legal requirement for ensuring transparency and fostering a competitive market and this notice for any public contract with an estimated value exceeding £2 million must be published on the central digital platform, covering a reporting period of 18 months by 26 May each year. The first procurement pipeline notices must be published by 26 May 2025. Subsequent pipeline notices will need to be published by 26 May each year.
- 1.8 This report will form the basis of the procurement pipeline notice. The reports in future will clarify which of the procurements are seeking approval to proceed, and which are for Cabinet information only in the procurement pipeline.
- 1.9 This report also provides to Cabinet information and updates that affects how the Council procures contracts.

## 2. **Commercial and Procurement updates**

- 2.1 Throughout the year 2025-26, Dorset Council will focus on approaches to support obtaining value for money in a proportionate and sustainable way. There is a tension between the budget challenges facing the Council and the need for effective procurement. Given the financial constraints, procurement must be proportionate, ensuring that the process itself delivers value. This means adopting efficient procurement practices that minimise administrative burdens while maximising outcomes, as outlined in the Council's Commercial Strategy.
- 2.2 Change in Law - the Council's Commercial Strategy and Contract Procedure Rules will be subject to review following the implementation of the Procurement Act 2023 during 2025-26.
- 2.3 Grants - the "potential procurement route" to market can change depending on whether a grant or a contract is deemed appropriate. The Government Functional Standard for Grants outlines the process and what grants are typically used for. The decision to use a grant or a contract depends on the nature of the funding relationship. Changing the route to market from a grant to a contract (or vice versa) may occur if the objectives or nature of the funding relationship change.
- 2.4 Frameworks and internal resources – the Council's Contract Procedure Rules state that framework agreements may be used where the Council's requirements can be met, and it is practicable to do so. It is best practice to use a framework (or any other type of pre-established awarding procedure) where an advertised competition would consume council resources without yielding an optimum outcome. Framework agreements pre-negotiate terms and conditions, allowing for quicker and more efficient procurement along with a lower risk of challenge.
  - Leveraging Framework Organisations for Assisted Procurement - engaging framework organisations such as ESPO, YPO, and CCS to run an assisted procurement service can enhance procurement efficiency and effectiveness. These organisations leverage best practice and market knowledge and can support the Council transformation programme by providing expertise, resources, and innovative solutions, helping to drive strategic improvements and achieve long-term value. As a government agency, CCS has direct support and oversight from the UK Government, ensuring alignment with national procurement policies and priorities.

- Central Digital Platform and Frameworks - the central digital platform, as outlined in the Procurement Act 2023, includes a comprehensive list of frameworks available for Dorset Council to call off from. This feature enhances transparency and accessibility, allowing Dorset Council to efficiently identify and utilise pre-approved suppliers for various goods and services.
- 2.5 Contract Consolidation for Efficient Management - Consolidating contracts can significantly reduce the intensity of contract management by streamlining processes and minimising administrative overhead. For example, merging multiple cleaning contracts into a single facilities management contract can lead to cost savings, improved service consistency, and reduced administrative complexity. Executive and Corporate Directors will further explore opportunities for contract consolidation in conjunction with the Commercial and Procurement Team.
- 2.6 Our Future Council - given the programme of work, the Commercial and Procurement team will continue to prompt stakeholders to consider flexibility in new contracts, specifications (including consolidation) and notices as legal changes must be clearly laid out in the original contract. The parameters of the contractual flexibility are outlined in the following paragraph below.
- 2.7 Flexibility – many contract changes are foreseeable due to factors such as the need to scale services up or down and this will be specified in the Invitation to Tender (ITT) document and notices. Commissioners will be encouraged to horizon scan and build flexibility into contracts where a need or demand is foreseeable. The Council contracts will recognise the inherent uncertainty in transformation programmes. The inclusion of flexibility in contracts, such as break points and extension provisions, is essential to address foreseeable changes and uncertainties. The Council can ensure that contracts remain adaptable and responsive to changing needs and it is recommended to include break points and/or extension provisions even if they are not used as this approach prevents the Council from being constrained by rigid contracts and allows for proactive management of service provision.

Note that while flexibility in project parameters is essential, any changes that are beyond the scope set out in Appendix 1 or exceed estimated value will require separate Cabinet approvals to ensure financial oversight and accountability and the method used is outlined in the “update process”.

## Contractual Break or Review points

Break Points are specific points within the contract term where Dorset Council can terminate the contract without penalty. They provide flexibility to reassess the contract's performance and relevance at predetermined intervals. They are commonly included in long-term contracts to allow for adjustments based on changing circumstances or performance issues.

Extension Provisions allow the contract duration, scope or value to be extended beyond the original term, often specified in the Invitation to Tender (ITT) document and notices. They provide an option to continue the contract if both parties agree, typically under the same terms and condition (following checking value for money). They are used when there is a need for continuity of service without undergoing a new procurement process. For example, a 5-year contract for £500k might include an extension provision for an additional 2 years and £200k with additional scope, listed separately in the ITT document and notice.

- 2.8 Risk – the Council's risk register will be updated to reflect that there is untested law relating to the Procurement Act 2023. The Procurement Act 2023 acknowledges the complexities of procurement in large organisations. The Council acknowledges that deliberate disaggregation to avoid procurement regulations is prohibited. The Council will demonstrate that procurement decisions are made based on genuine operational needs and not to circumvent procurement rules. The OFC programme will foster collaboration between different Directorates to ensure a cohesive approach to procurement for higher value strategic common purchases such as bespoke language and interpretation needs.
- 2.9 Existing Contracts and Frameworks and Dynamic Purchasing Systems (DPS) Law - (excluding contracts for health services) - will continue to apply Public Contract Regulations 2015 (PCR15), e.g. modification to contract and existing framework or DPS call offs.
- 2.10 The Procurement Act 2023 came into force on 24 February 2025 and legislated for public sector contract management for the first time and with this, transparency requirements in respect of contract performance that will also be published in due course.
- NPPS - the new [National Procurement Policy Statement](#), the stated cause of the need to delay the October 2024 implementation date was published recently, meaning the Council now have a clearer sense of

what it is that they will need to “have regard to” when running a procurement.

- Contract performance – a new requirement to set and publicly report, within the central digital platform, on Key Performance Indicators (KPIs) for larger contracts valued at over £5 million (reporting on supplier and contract performance).
- Supplier debarment – where mandatory or discretionary exclusion criteria are triggered, the Government will have means to block such suppliers being awarded public sector contracts
- Conflicts of interest – mandates that contracting authorities identify, manage, and mitigate actual and potential conflicts of interest to maintain public trust and ensure fair competition. The Council has adopted Codes of Conduct for its Members and officers within its Constitution.

### 3. **Financial Implications**

3.1 Service budgets do incorporate funding required for the procurements set out in this report. The following will be considered by the relevant project team as part of the business case / procurement project initiation and sourcing report and rationale for each procurement:

- how the contract and supplier(s) will be effectively managed to deliver saving targets that are incorporated into the financial plan;
- whether full funding is available in the budget provision, after savings have been accounted for (and incorporating break points and scale down provisions due to budget changes in future years); and
- the intended best approach to assess the contract performance and supplier relationship to manage expectations in respect of annual price increase amid a higher level of financial pressures that has not been experienced for many years.

### 4. **Natural Environment, Climate & Ecology Implications**

4.1 To be considered by the relevant project team as part of the business case / procurement project initiation and sourcing report and rationale for each procurement if applicable.



## 5. **Well-being and Health Implications**

- 5.1 To be considered by the relevant project team as part of the business case / procurement project initiation and sourcing report and rationale for each procurement if applicable.

## 6. **Other Implications**

- 6.1 None

## 7. **Risk Assessment**

- 7.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk: MEDIUM

Residual Risk: LOW

- 7.2 The level of risk is to be considered by the relevant project team as part of the business case / procurement project initiation and sourcing report and rationale for each procurement. The purpose is to ensure that any potential issues are anticipated and mitigated to minimise their impact on the Council's objectives and operations. Effective risk management supports the Council in achieving its goals while ensuring compliance with regulations and maintaining financial stability.

- 7.3 Notwithstanding the former low risk of the decision in previous Procurement Forward Look Cabinet Reports, inflation formerly remained a risk and now financial pressures to the Council's budgets remain. All decisions and recommendations must therefore be mindful of the actual and potential impact of financial pressures, especially when committing future funding.

- 7.4 Additionally, it is recognised that the new legislation is untested and there will be legal challenges across the public sector. The Council has dedicated legal advice to minimise the risk although the risk cannot be eliminated. The possibility of facing such challenges can never be completely removed.

## 8. **Equalities Impact Assessment**

- 8.1 To be considered by relevant project team as part of the business case / procurement project initiation and sourcing report and rationale for each procurement if applicable.

9. **Appendices**

9.1 Appendix 1: 2025-26 Procurement Forward Plan where the contract value is expected to exceed £500k.

10. **Background Papers**

10.1 None

11. **Report Sign Off**

11.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s).