

Place & Resources Scrutiny Committee

24 July 2025

An overview of the approach to procurement

For Review and Consultation

Cabinet Member:

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1. Executive Summary

1.1. Procurement is a critical function that enables Dorset Council to deliver services efficiently, transparently, and in line with its strategic goals. This report outlines the Council's procurement framework following the introduction of the Procurement Act 2023 (PA23) and associated Procurement Regulations 2024, which replaced the EU-based Public Contract Regulations 2015 (PCR15). These reforms aim to simplify procurement, enhance transparency, and support broader social and economic objectives. Dorset Council currently has 2062 contracts for good and services ranging from highway maintenance through to vehicle hire. There are approximately 100 expiring contracts each year for Place, Children's and Adults (each, so 300 total on average), with a maximum of 10 projects being worked on by procurement officers at any one time. This paper sets out to give an overview of the processes, legislation and approach taken to this complex area.

Key highlights include:

1.2. Legislative Frameworks: The Council now operates under multiple procurement regimes, including PA23, PCR15 (for legacy contracts), and the Provider Selection Regime 2023 (PSR23) for healthcare services. Each framework offers

different routes to market, such as open procedures, frameworks, dynamic markets, and direct awards.

- 1.3. Routes to Market: The report details the most commonly used procurement methods, explaining when and why each is applied. Emphasis is placed on flexibility, compliance, and achieving best value, with increasing use of frameworks and direct awards to streamline processes.

Case Studies: Several real-world examples are provided:

- 1.4. A vehicle hire contract that balanced cost, quality, and social value while supporting local suppliers.
- 1.5. A laboratory testing services contract that revealed the importance of accurate demand forecasting and flexible contract design.
- 1.6. An Enterprise Resource Planning (ERP) system procurement showcasing innovation and collaboration with Crown Commercial Services.
- 1.7. The North Quay redevelopment case, which illustrates how even well-designed procurements can be affected by external market dynamics.
- 1.8. Governance and Assurance: The report reinforces the importance of internal controls, including Contract Procedure Rules (CPRs), evaluation models, and project assurance mechanisms.
- 1.9. Strategic Alignment: Procurement is positioned as a key enabler of the Council's wider transformation agenda, supporting local economic development, sustainability, and digital innovation.
- 1.10. The Committee is invited to note the contents of this report, consider how procurement activity can continue to evolve to meet the Council's future needs and scrutinise further this topic and case studies during the meeting.

2. Recommendation(s)

- 2.1. Place and Resources Committee note the content of this report and consider how procurement activity can continue to evolve to meet the Council's future needs.

3. Reason for the recommendation(s)

- 3.1. The Place & Resources Scrutiny committee Members have requested the opportunity to scrutinise the Council's approach to Procurement.

4. Approaches to procurement

4.1. This report provides the Place and Resources Scrutiny Committee with an overview of Dorset Council's current approach to procurement, in light of recent legislative changes and evolving strategic priorities. It outlines the legal frameworks governing procurement, the routes to market available to the Council, and the internal processes that ensure transparency, value for money, and alignment with corporate objectives. The report also includes case studies that illustrate how procurement principles are applied in practice, highlighting both successful outcomes and lessons learned. This paper is presented for review and consultation, supporting the Committee's role in scrutinising procurement policy and practice across the organisation.

Current Procurement Legislation

4.2. Procurement is defined as the buying of goods and services that enable an organisation to operate its supply chains. For Dorset Council, procurement safeguards that this process is completed in accordance with the Council's strategic aims and deliver best value to our residents.

4.3. **Contract Procedure Rules (CPRs)** are the internal rules adopted by local authorities in England under Section 135 of the Local Government Act 1972. CPRs form part of a council's constitution and govern how the council conducts procurement and contracting activities. The public document is accessible on moderngov: [CONTRACT PROCEDURE RULES.pdf](#) and will be updated as the OFC (Our Future Council) Programme roles out.

Procurement Act 2023 (PA23)

4.4. From 24 February 2025, local government procurement in the UK is governed by the **Procurement Act 2023 (PA23)** and the accompanying Procurement Regulations 2024. These reforms replace the previous EU-based rules and aim to create a simpler, more transparent, and more flexible procurement system.

4.5. The new legislation empowers councils to consider broader factors like supplier location and social impact, while maintaining transparency and value for money. It also introduces a single digital platform to streamline supplier engagement and improve oversight of public spending.

4.6. Under the new act, use of the central platform and flexible frameworks, along with a change from Most Economically Advantageous Tender to Most Advantages Tender (MEAT to MAT) will help to level the playing field for SMEs and VCSEs.

- 4.7. A newly formed Procurement Review Unit can review procurement decisions by the public sector and there is a new Exclusions & Debarment list, so contract management has increased in importance. Broadly, the general procurement principles and processes are retained in PA23, with changes in terminology linked to UK law. Assimilating the information of PA23 is not a simple task as the new requirements have been dispersed within the Procurement Act 2023, the Procurement Regulations 2024, Procurement Policy Notes, the forty-seven Cabinet Office Guidance notes, online modular training and follow-up training.

Public Contract Regulations 2015 (PCR15)

- 4.8. *Note to reader: PCR15 has now been superseded by PA23 but still applies to previous procurements/frameworks/extensions.*
- 4.9. Procurements already in progress or calls offs from frameworks which were procured prior to 24 February 2025 remain subject to the **Public Contract Regulations 2015 (PCR15)**. Note that framework agreements and dynamic purchasing systems started before that date (with DPSs deemed to terminate by 23 February 2029 if not earlier), AND modifications to contracts originally procured under PCR15, even if those modifications occur after 24 February 2025 are governed by PCR15.

Provider Selection Regime (PSR23)

- 4.10. From 1 January 2024, local authorities in England followed the **Provider Selection Regime (PSR23)** when commissioning certain defined healthcare services. Introduced under the Health Care Services (Provider Selection Regime) Regulations 2023, the PSR replaces previous procurement rules for healthcare and aims to simplify and streamline how services are awarded. Dorset Council typically procure under these regulations for Public Health activity.
- 4.11. Under PSR23 local authorities now have more flexibility to award contracts based on what best serves patients and communities, whether through direct awards, identifying the most suitable provider, or running a competitive process. The PSR supports collaboration, continuity of care, and transparency, while ensuring that decisions are made in the public interest.

Routes to market

4.12. The specific route to market will depend on the law that applies to the procurement. Dorset Council currently operates under a range of procurement regimes depending on the nature of the contract as summarised in the table below. Under the PCR15 (for procurements commenced before 24 February 2025), and the PA23 (for procurements from that date onward), the most common routes to market include¹: (1) open procedure – a single-stage tender open to all suppliers; (2) restricted procedure – a two-stage process with pre-qualification (or multi stage competitive flexible process); (3) framework agreements – pre-established supplier panels for quicker call-offs; and (4) dynamic purchasing systems/markets (DPS) – flexible electronic systems for commonly used goods and services. For healthcare services, PSR23 applies, offering tailored routes such as direct awards and competitive processes based on service continuity, suitability, and integration. All procurement activity must also comply with the Council's Contract Procedure Rules (CPRs), which set internal thresholds, authorisation levels, and governance requirements to ensure transparency, value for money, and legal compliance.

4.13. The following table summarises the available routes to market for Dorset Council and why they might be used.

Route to Market	Description	Applicable Under	When Used / Why
Open Procedure	Single stage tender open to all suppliers.	PA23, CPRs	Simple, transparent, and suitable when market is competitive and well-defined.
Competitive Flexible Procedure	A new, adaptable procedure under PA23 allowing tailored stages. (Note PCR15 restricted and competitive dialogue)	PA23	Offers flexibility in design, useful for much higher value complex or innovative procurements.

¹ Note that the terminology differs depending on which law applies.

Route to Market	Description	Applicable Under	When Used / Why
Framework Agreements	Pre-approved supplier panels for repeated purchases. (note some also allow reopening/rejoining)	PCR15, PA23, CPRs	Speeds up procurement; used for recurring needs with known suppliers.
Dynamic Markets (DPS) (formerly Systems under PCR15)	Electronic systems for commonly used goods/services with open membership.	PA23 (replaces DPS under PCR15)	Flexible and scalable; allows new suppliers to join at any time.
Direct Award	Contract awarded without competition in specific cases.	PA23, PSR, CPRs	Used for urgency, exclusivity, or continuity of care (especially under PSR).
PSR Direct Award Processes A–C	Tailored direct award routes for healthcare services.	PSR23	Based on suitability, continuity, or sole provider scenarios in health services.
Most Suitable Provider Process	Light-touch assessment for best-fit healthcare provider.	PSR23	Balances efficiency with service quality in non-urgent healthcare procurement.
Competitive Process (PSR)	Full competition for healthcare services.	PSR23	Used when multiple providers could deliver and

Route to Market	Description	Applicable Under	When Used / Why
			value needs to be tested.
Council-Specific CPR Routes	Internal thresholds and procedures for low-value or non-regulated contracts.	CPRs	Ensures governance and compliance for all spend, even below national thresholds.

4.14. Use of frameworks, direct awards etc. has increased throughout the public sector where value for money and compliance are assured. Frameworks and direct awards are commonly used in local authority procurement, and their use has increased significantly in recent years due to their efficiency, cost-effectiveness, and reduced administrative burden. Frameworks leverage economies of scale, offering competitive pricing and pre-negotiated terms. Pre-vetted suppliers and simplified processes reduce the time and resource burden on officers and bid writing teams. Suppliers save time and money by not having to prepare full tenders repeatedly. Frameworks are legally compliant and reduce the risk of procedural errors or challenges. Direct awards and mini competitions allow for faster procurement, especially for urgent needs.

Case Studies

A straight forward procurement: plan, define, procure, manage

4.15. The following table summarises the key steps in “a *relatively* straightforward” procurement - showing the basic mechanics above in action to allow an understanding of the process. The ‘process’ of procurement has not fundamentally changed. There is increased transparency under PA23 that requires publication of multiple notices throughout the procurement process. The following also assumes that that make vs buy or insource vs outsource decision has been made. Additionally, important cross cutting elements apply as outlined below e.g. governance and assurance, capability (skills, training, capacity), risk management and use of data.

Stage	Description
Commercial Strategy	Aligns procurement with Council goals. E.g. consider SME engagement, social value, and market shaping.
Planning	
Define the Requirement / Results / outcome	Identify what is being procured (e.g. stationery), estimate total contract value, and confirm it is a contract (not a grant or collaboration). Consider whether market engagement or market research is required (e.g. engaging with local authorities etc).
Route to Market	Consider available options: existing frameworks (e.g. CCS, ESPO, YPO), mini-competition, or open procedure. Select the most appropriate compliant route based on what law applies.
Prepare Specification & Criteria	Draft a clear specification (and KPIs if relevant), define evaluation criteria (e.g. price 60%, quality 30%, social value 10%), and prepare procurement documents (ITT, T&Cs).
Governance & Approvals	Confirm budget availability, check scheme of delegation (e.g. Cabinet approval), etc. ensuring there is flexibility, and this is kept up to date given OFC. Realistic timescales and milestones project planning time for approvals, evaluation etc. Consider project assurance e.g. independent reviews at key decision points and / or Portfolio updates.
Sourcing	
Tender Process	Issue ITT to suppliers (e.g. via framework), allow clarifications, and set a clear deadline for bid submissions.
Evaluation	Evaluate bids using the agreed scoring matrix (in Dorset Council this is a Tender Evaluation Model), hold moderation meetings, and conduct due diligence (e.g. fraud checks, financial checks).

Stage	Description
Award & Feedback	Document award decision (defined by governance and approvals), issue notifications, observe standstill period (if applicable), and provide feedback to all bidders.
Contract Finalisation	Sign contract with authorised officer, update contract register (called Accord at Dorset Council), and arrange onboarding/kick-off with supplier.
Contract Management	Monitor KPIs, hold review meetings, and plan for renewal or re-procurement in advance of contract expiry. Dispute resolution and managing performance. Planning for transition, exit and business continuity. Benefits Realisation ie tracking whether intended outcomes and value for money were achieved.

Example: Vehicle hire requirement

- 4.16. The Council has self-drive vehicle hire from U Drive who provide a full range of vehicles, including cars, minibuses, light commercial vehicles (LCVs), and large goods vehicles (LGVs) up to 7.5 tonnes. The contract scope meets all the Council's vehicle hire needs under a single agreement. The contract duration is six years, an initial four-year term with two optional one-year extensions, designed to offer stability while remaining flexible to future needs. This term was considered attractive to the supplier market and encouraged competitive pricing. While the Council aims to reduce reliance on hired vehicles over time, no significant changes to requirements are anticipated. The contract also includes provision for electric and hybrid vehicles and allows for updates to the vehicle list as needed.
- 4.17. Procurement options were reviewed, including the CCS, ESPO, and TPPL frameworks. However, the ESPO framework was not yet available at the time, and the TPPL framework did not include key Dorset-based suppliers such as U Drive and Enterprise. Additionally, Dorset Vehicle Rentals, a local supplier, was not listed on any framework and would only have had the opportunity to compete through an open tender. Cost comparisons also showed that framework rates were significantly higher than those in the existing U Drive contract. As a result, the Council proceeded with an open tender process, which allowed local suppliers to compete. This route also enabled the Council to tailor the

specification and clarify all associated charges. The tender covered the entire Dorset Council area under a single lot, and the process was managed by the Procurement team in Finance and Commercial.

- 4.18. The evaluation model for the tender was based on a 60:30:10 split between price, quality, and social value. Price was the most heavily weighted factor, with tenderers required to submit rates for a full range of vehicle types and hire durations, along with any additional charges (e.g. refuelling, out-of-hours delivery). These were assessed using estimated volumes to calculate a total cost per bidder. Quality, weighted at 30%, focused on key service elements such as vehicle availability, ease of booking, punctual delivery and collection, and rapid response to breakdowns. Specific quality criteria included: service delivery (15%), supply and demand (10%), vehicle suitability (15%), breakdown and damage response (15%), windscreen and tyre replacement (15%), communication with the Council (15%), and invoicing, KPIs, and value for money (15%). Social value, weighted at 10%, assessed bidders' commitments to sustainability and good employment practices, in line with the Council's Commercial Strategy. All responses were scored using the criteria set out in the agreed Evaluation Model

Clear requirement using relevant pass/fail criteria - Laboratory Testing Services – Contract Review and Procurement

- 4.19. This procurement was for laboratory testing services related to pre-proceedings in Children's Services (including DNA, alcohol, drugs etc). This contract deliberately structured as a simple, low-value contract using mandatory pass/fail criteria to ensure only technically qualified suppliers could participate. The use of clear, objective requirements such as industry accreditations streamlined the evaluation process and reduced ambiguity.
- 4.20. The initial contract underestimated demand and within two months, it became clear that the contract value underestimated actual demand. As a result this initial contract effectively served as a pilot, enabling the Council to better understand service needs and market capacity. This experience was utilised to inform future commissioning and contract design, including the need for flexibility provisions, improved financial forecasting, and more robust market intelligence.
- 4.21. An internal assessment of the demand of this service identified that actual spend was likely to be nearer £120,000. As a result of the actual spend vs the total contract value meant it was not possible to issue a contract variation, so the contract period had to be foreshortened to two years-
- 4.22. The market for this service is highly specialised, and the new procurement successfully reached qualified suppliers with the technical capability to deliver the required services. Continued use of the mandatory pass/fail criteria,

including industry accreditations limited the supply base tendering which ensures that suppliers are able to accurately assess their ability to deliver the contract up front and resources are not wasted by those who do not have the technical capacity by engaging with a procurement exercise they could not complete.

Innovative approach – ERP - Enterprise Resource Planning

- 4.23. Dorset Council has adopted an innovative and strategic approach to the procurement of its Enterprise Resource Planning (ERP) system, as part of the wider OFC transformation programme. The outcome of this procurement is scheduled to be presented to Cabinet at the end of July 2025.
- 4.24. Recognising the limitations and upcoming end-of-life status of its legacy SAP-based Dorset Enterprise System (DES), the Council engaged Socitm Advisory (now called Civiteq) to support the development of an Outline Business Case. This process explored market options and confirmed that a modern, integrated ERP platform leveraging automation and AI was essential to achieving operational efficiency and improved service delivery.
- 4.25. To maximise value and ensure compliance, the council is working directly with Crown Commercial Service (CCS) to procure the solution via a national framework, streamlining the process and reducing procurement overheads. CCS frameworks are pre-competed, meaning suppliers have already been vetted for compliance, capability, and value for money. Contracts are based on pre-agreed terms, simplifying negotiation.
- 4.26. The approach to procurement meant that the Council was able to benefit from:
- insights provided by Civiteq, ensuring the specification and approach was aligned with best practice and digital transformation goals.
 - insights from CCS as the framework owner to support interfacing with, and procuring from, the framework and supporting documentation.
- 4.27. This collaborative and forward-thinking model is designed to deliver better outcomes, reduce long-term costs, and enhance data-driven decision-making across HR, finance functions.

Stimulating market engagement – North Quay

- 4.28. The North Quay redevelopment in Weymouth serves as a case study in well-designed procurement that ultimately did not reach contract award. Dorset Council launched a competitive process to appoint a development partner for the regeneration of the North Quay and Weymouth Bowl sites, with the aim of delivering high-quality, sustainable mixed-use schemes. The Council initially ruled out self-development and conditional sale options due to financial and delivery risks, opting instead for a competitive procurement of a development partner (as the Council wanted to influence the outcome).
- 4.29. The procurement was carefully structured in line with 2016 Procurement law and promoted through Find a Tender and the Proactis (ProContract) portal to stimulate market interest (as well as press coverage). The advisers to the council were Ashfords for legal and Vail Williams for property and Aecom for project management. Despite this, the process did not result in a successful award highlighting that even robust procurement design cannot always overcome external market dynamics such as investor caution, economic uncertainty, or site-specific constraints (preferences from the market came through the early market engagement process prior to launching a competitive dialogue and tweaks were made to the process).
- 4.30. Since the formal process closed, the Council has received direct approaches from potential partners, indicating that market engagement continues informally and may yet lead to a viable development solution. This example underscores the importance of flexibility, ongoing dialogue, and adaptive strategy in complex regeneration projects and any future decision will follow all necessary approvals, governance steps, and legal processes.
- 4.31. The Concession Contracts Regulations 2016 (CCR 2016) were a set of UK procurement rules that implemented Directive 2014/23/EU on the award of concession contracts which governed this procurement (beyond the long list of processes in the table above). This process was used as the Council wanted to retain influence over the outcome and the financial return was uncertain and dependent on market conditions and this was a situation where dialogue with bidders was needed to shape the final solution.

5. Legal considerations

5.1. As set out in this paper there is a clear legal framework setting out how Local Authorities must approach procurement activity.

6. Financial implications

6.1. There are no specific financial implications from the recommendations within this paper. Effective procurement is integral to supporting the achievement of value for money and can drive local economic growth.

7. Natural environment, climate & ecology implications

7.1. Whilst the approach to procurement has implications on the natural environment, climate and ecology there are no specific recommendations in the paper which have implications.

8. Well-being and health implications

8.1. Effective procurement has implications on well-being and health there are no specific recommendations in the paper which have implications.

9. Equalities

9.1. There are no specific financial implications from this report.

10. Background papers

10.1. Most recent Cabinet forward look 26 March 2025: [Procurement Forward Look Cabinet Report MARCH 2025.pdf](#)

10.2. CPRs: [CONTRACT PROCEDURE RULES.pdf](#)

10.3. [A councillor's guide to procurement \(2025 edition\) Local Government Association](#)

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)