

Report to	<b>Audit Committee</b>
Date	<b>18 September 2023</b>
Lead Officer	<b>Helen MacArthur, Assistant Chief Fire Officer Finance and Resources</b>
Contact Officer	<b>Jack Millward, Procurement and Contracts Manager</b>
Subject	<b>Procurement Update</b>



## PURPOSE

- 1 To provide Members with an update on the procurement arrangements and activities within the North Wales Fire and Rescue Authority (the Authority).

## EXECUTIVE SUMMARY

- 2 The Procurement and Contracts Manager was appointed in February 2023, to provide professional support and guidance in the area of procurement and contract management.
- 3 Public sector procurement is subject to a range of statutory and regulatory obligations and to ensure compliance with this complex area, the Authority has approved contract procedure rules that provide the framework of processes that must be followed.
- 4 The public sector procurement reforms will place further obligations on the Authority to consider a range of factors including social value, environmental issues and sustainability.

## RECOMMENDATIONS

- 5 It is recommended that Members:
  - i) note the current arrangements for compliance with the public sector procurement requirements;
  - ii) the future public sector procurement reforms; and
  - iii) note the procurement activity for the period April 2023 – August 2023.

## BACKGROUND

- 6 Procurement is the process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation but also to society and the economy whilst minimising damage to the environment.

- 7 The Welsh public sector spends around £7 billion each year on procurement. In Wales, procurement has been identified as one of the key corporate areas for change outlined in the core guidance on the Well-being of Future Generations Act (Wales) 2015.
- 8 The management and governance of procurement and commissioning activity is subject to a number of obligations arising from Welsh Government guidance, statutory instruments and regulations. These include the Welsh Government's 2016 publication Managing Welsh Public Money, the Public Contracts Regulations 2015, the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020, the Public Contracts (Amendment) Regulations 2022 and the Concession Contracts Regulations 2016.
- 9 To ensure compliance with this complex area, the Authority has approved contract procedure rules that provide the framework of processes that must be followed. These can be accessed via the following link and confirm the key controls [Contract Procedure Rules](#)

<b>Contract value</b>	<b>Procurement route</b>
Below £10,000	Requirement to demonstrate value for money although a single supplier is permissible
£10,000 - £40,000	3 quotes
£40,000	Formal procurement

- 10 The Contract Procedure Rules also recognise the occasions whereby it is appropriate to apply an exemption from the procurement rules through the use of single tender waivers.
- 11 Public sector procurement is currently subject to further reform across the UK. The UK wide UK Public Procurement Bill is currently going through the legislative process and will replace a number of pieces of existing legislation. In addition, the Welsh Government has been working on legislation specific to the Welsh public sector which focusses on social partnership and socially responsible procurement.
- 12 The Social Partnership and Public Procurement Act (Wales) 2023 is closely aligned to the principles of the Well-being of Future Generations (Wales) Act 2015 and places a duty on public bodies to ensure that procurement is socially responsible where it involves construction contracts over £2m or outsourced services.

13 Based on the latest version of the Bill and proposals set out in recently published consultation documents, the most impactful changes for most contracting authorities will be:

- More flexibility in procurement procedures, framework rules and new dynamic markets
- Increased transparency requirements
- Minimum contract management obligations driven by KPI monitoring requirements
- Enhanced debarment and exclusions regime

A summary of the procurement reform in Wales and the associated socially responsible procurement duty has been prepared by the Welsh Government and is contained within Appendix 1.

14 In procuring goods and services the Authority must, therefore, have regard for a range of measures including:

- Quality
- Cost
- Fair work
- The social value inherent within the contract
- Sustainability
- Environmental impacts
- Equality implications including Welsh language

15 Working closely with other public bodies, work is being undertaken to further develop the procurement processes and guidelines to ensure compliance in this complex area. The all Wales Procurement group is collaborating on a number of key areas.

## **LOCAL CONTEXT**

16 The non-pay budget for 2023/24 is circa £11m and relates to a wide range of costs including premises, fleet, information technology and specialist training.

17 Work is progressing to ensure compliance with current contract procedure rules including the development of the financials system, for procurement activities, including contract management.

18 Where appropriate, North Wales Fire and Rescue Service (the Service) collaborates with the Welsh Fire and Rescue authorities, for common areas of expenditure – for example the fire kit, to secure economies of scale. The Authority also collaborates with North Wales Police (NWP) in relation to expenditure on premises.

19 Use is also made of public sector procurement frameworks which ensures compliance with the procurement legislation, ensures appropriate due diligence has been undertaken in relation to suppliers and also reduces the administrative burden. Where this is not possible, the Authority also undertakes tender exercises on its own behalf.

20 Where there is only a single supplier, or the procurement is restricted due to the service needs, a waiver process is in place, which ensures that due diligence checks are completed.

## ACTIVITY

21 The table below confirms activity between April 2023 – August 2023

<b>under £40,000</b>		
<b>Department</b>	<b>Nature of contract</b>	<b>Procurement route</b>
HR	Confidential reporting line	Mini competition
Fleet	Maintenance of workshop equipment	Tender
HR	Employee assistance programme	Framework
Corporate Communications	Professional support for the consultation analysis	Framework
<b>£40,000 - £100,000</b>		
<b>Department</b>	<b>Nature of contract</b>	<b>Procurement route</b>
ICT	VM Ware	Framework
Finance	Provision of internal audit services	Framework
Training	Professional services associated with land purchase	Framework
<b>Single tender waivers</b>	<b>Nature of contract</b>	<b>Reason for waiver</b>
Operations	Home safety software	Extension of existing contract
Corporate Communications	Professional support for consultation	Single supplier
ICT	Swissphone alerters	Single supplier
HR	Workforce and payroll software	Extension of existing contract

## IMPLICATIONS

<b>Wellbeing Objectives</b>	This report links to NWFRA's long-term well-being objectives. Ensures that the purchases to support front line service delivery is prudent, affordable and sustainable.
<b>Budget</b>	Budget is set annually for expenditure.
<b>Legal</b>	The regulatory framework is set out via Welsh Government and UK legislation, as well as internal contract procedure rules.
<b>Staffing</b>	None
<b>Equalities/Human Rights/Welsh Language</b>	Procurement requirements ensure that the relevant standards as required in legislation is met
<b>Risks</b>	Failure to adhere to procurement regulations could lead to legal challenge.