

MIDDLESBROUGH COUNCIL	
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Report of:	Corporate Director of Finance
Submitted to:	Audit Committee
Date:	2 April 2026
Title:	Procurement Overview 2024/25
Report for:	Information
Status:	Public
Council Plan priority:	Delivering Best Value

Proposed decision(s)
That the Committee: <ul style="list-style-type: none"> • NOTES the content of this report on the procurement overview for 2024/25.

Executive summary
<p>Firstly, please accept apologies for delay in submitting this report, which should have been submitted in September 2025, this was on oversight. Please note that the report for 25/26 has been set on the forward work programme and will be coming to audit committee in September 2026.</p> <p>This report provides an overview of procurement activity undertaken for the financial year 1st April 2024 to 31st March 2025.</p> <p>The report includes information pertaining to:</p> <ul style="list-style-type: none"> • Procurement Activity • Purchase Card utilisation • Supplier Incentive Programme (SIP) • North East Procurement Organisation (NEPO) • Local Spend

1. Purpose

1. To provide a summary of the Council's procurement activity over the last financial year including compliance with Standing Orders, practice changes and contract awards.

2. Recommendations

2.1 That the Audit Committee

- notes the content of this report on the procurement overview for 2024/25.

3. Background and relevant information

Procurement Activity

3.1 The Council has in place the Contract Procedure Rules as part of the Council's Constitution, and these provide the governance in response of procurement practices.

3.2 The table below show the thresholds in place for the period 1st April 2024 to 31st March 2025, which all procurements are required to adhere to:

WORKS	GOODS/ SERVICES/ CONSULTANTS	LIGHT TOUCH REGIME	TENDERING PROCEDURE
Up to £10,000	Up to £10,000	Up to £10,000	Neither written quotations nor tenders need to be invited. Ensure value for money is achieved using local suppliers where possible.
£10,001 - £1,000,000	£10,001 - £213,477 (inclusive of VAT) £177,897.50 (exclusive of VAT)	£10,001 - £633,540 (inclusive of VAT) £552,950 (exclusive of VAT)	At least 3 written quotations. The quotation system must be used for quotations. Use local suppliers where possible. Tenders can be sought but this is optional.
£1,000,001 - £5,336,937 (inclusive of VAT) £4,447,447.50 (exclusive of VAT)	N/A	N/A	At least 4 tenders must be sought. The Tender advert(s) must be placed on Contracts Finder. The NEPO portal must be used.
Above £5,336,937 (inclusive of VAT) £4,447,447.50 (exclusive of VAT)	Above £213,477 (inclusive of VAT) £177,897.50 (exclusive of VAT)	Above £633,540 (inclusive of VAT) £552,950 (exclusive of VAT)	EU Procedure - OJEU Notice. At least 5 tenders must be sought, ensuring that the tender process complies with the EU Directives. The NEPO portal must be used.

3.3 During 1st April 2024 and 31st March 2025, the Procurement Team have been involved and support service areas with **267** procurement activities that equate to approximately £29 million pounds worth of contracts being awarded in the year.

3.4 This activity is broken down as follows:

➤ Quotations	-	24
➤ Tenders	-	6
➤ DPS	-	56
➤ Frameworks	-	86
➤ Exemptions	-	95

3.5 Quotations are the procurement route used for low value contracts and as they do not require open advert if offers us the flexibility to target local suppliers where available. There is no reason a quotation could not be formally advertised where it is believed to be in the best interest, however, quota allow us to direct opportunity to local suppliers.

3.6 Tenders and DPS are formal procurement processes that must adhere to the Public Contract Regulations (PCR) 2015 and the Procurement Act 2023 (w.e.f. 24.02.25) which is procurement law and prescribes the process to be followed from advert all the way through to contract award.

3.7 Direct Awards/Further Competitions via Framework Agreements are again compliant with the PCR and Procurement Act 2023 as the Framework Agreement has been formally procured and the Framework Agreement will set out processes for calling off either via Director Award or a further competition.

3.8 Exemptions allow us to direct award where the contract is below threshold, and it meets the criteria of Section 5 of the Council's Standing Orders.

3.9 There are currently over 850 contracts recorded on our contract register, which is available to the public.

3.10 The procurement team continue to gate keep spend via Business World for any order over £5k which further strengthens our understanding of Council spend. This has been further enhanced with the inclusion of tender/quote reference box which is used to help further identify on and off contract spend.

Purchasing Card utilisation

3.11 The number of active cards are **224** active cards and of those **209** are for Council staff and **15** are for maintained School staff.

3.12 The data dashboards continue to be available across all directorates to Directors and Heads of Service. The procurement team continue to provide weekly reports to the data team to ensure that service areas have the most up to date spend detail.

3.13 During 2024/25 there were 13,350 (down from previous year of 14,262) transactions which totalled £1,786,287 (again down from the previous year of £5,120,307) in spend and the directorate breakdown was:

Directorate	Spend 23/24
Adults	£153,700
Children	£734,854
ECS	£539,525
Finance	£6,262
Legal	£39,110
Public Health	£125,086
Regeneration	£187,751

3.14 The majority of spends continues to be for low value with 13,380 (96%) being under £999 and overall, the average transaction value is only £133.80. Appendix 1 shows the continued decrease in spend via the purchasing cards evidencing the impact of the work done by the council to shift spend away and back through ordering.

3.15 Rebates for the cards are paid annually each year and are based on spend activity between 1st December to 30th November, rebate received was **£17,575.08**, which is significantly lower than last year of £20,528.53.

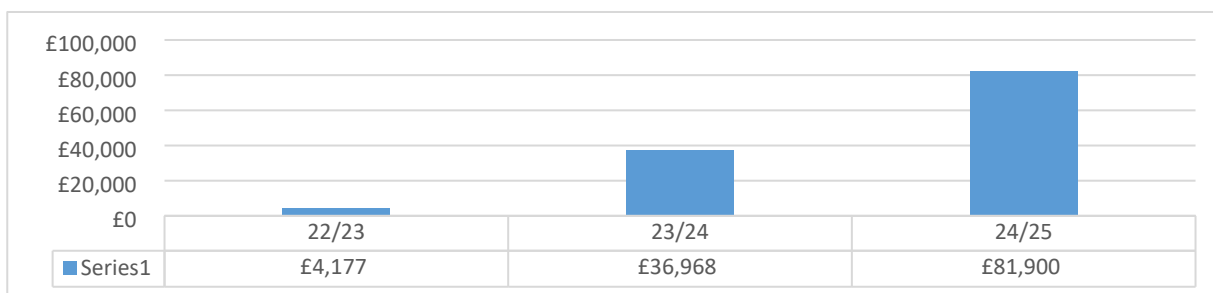
3.16 In line with the purchasing card policy staff are responsible for reviewing all spend on their card by the 28th of each month which includes providing the receipt, detail of expenditure, cost centre and GL codes. Processes are in place whereby staff who fail to follow due process on three occasions or more will have their cards removed.

3.17 Managers with staff who have cards are also responsible for monitoring spend and the team continue to share monthly reporting and management of cardholders in line with the Council's policies.

Supplier Incentive Programme (SIP)

3.18 SIP with Oxygen Finance is our early payment programme which gives suppliers the opportunity to be paid earlier than standard practice. The programme gives suppliers the option to be paid as soon as the invoice is authorised. The aim is to complete this within 10 days, normally payment term is 30 days. Suppliers pay a small pre-agreed rebate which is applied as the invoice is paid. The rebate is proportionate to the number of days the authority accelerates the payment by. The rebate is only applied if the invoice is paid earlier than 30 days.

3.19 The SIP programme has been operational since May 2022 with savings of over £123k up to 31st March 2024 being achieved.



3.20 Suppliers are onboarded to the programme via two main methods (sourcing via procurement and direct engagement with suppliers). During the tender process, suppliers can onboard all their spend with the Council, maximising their cash flow and delivering additional rebate back to the council.

3.21 We continue to target all suppliers working in partnership with Oxygen and promoting as much as possible, we want to maximise efficiencies of the programme through additional and targeted engagement.

3.22 As part of SIP, we have Free Pay which allows the Council to identify and pay early without rebate our local suppliers who we classify as being an SME (small & medium sized enterprises).

3.23 Appendix 2 is a summary of Free Pay performance in the current year and shows how the Council has paid £5.2m within 3 working days which is a really proactive approach by the Council in supporting our local suppliers.

3.24 SME suppliers do not know they are benefiting from SIP but as a Council we know how beneficial this is to the SME market in these times of financial constraints. The list of Free Pay suppliers is reviewed regularly to ensure only eligible suppliers are included.

North East Procurement Organisation (NEPO)

3.25 NEPO is an established public sector procurement organisation that works in partnership with all 12 North East Councils and the wider public sector to procure goods, services and works of high value and strategic importance. The 12 authorities collectively oversee the governance framework for NEPO.

3.26 The Specialist Commissioning & Procurement Manager represents Middlesbrough Council by attending the Collaboration North East (CNE) monthly meetings together with the other 11 North East Local Authorities Heads of Procurement, discussion centre around the business of the Procurement Organisation and the procurement requirements of the public sector.

3.27 As a full member to NEPO Middlesbrough Council pay a small member fee, the annual fee is £46,000 however in return we receive a rebate of approximately £140,000k per annum due to our use of the flexible procurement solutions available through membership of the organisation.

3.28 The benefits of being a full member of NEPO are:

- ✓ Provision of flexible procurement solutions for the local authority to utilise.
- ✓ Use of the above solutions minimise time delay for the authority in its procurement practices.
- ✓ Specialist procurement leads within NEPO have worked with sectors such as energy, fleet, construction etc to set up cost effective solutions for local authorities to utilise – utilising the collective buying power of the 12 north east authorities.
- ✓ Any concerns with large scale providers can be addressed by NEPO contract support.

3.29 In 2024//25, we continued to have about 25% of our procurements utilised a NEPO framework, without this investment we would require additional resource in the procurement team to meet the demands of the procurement activity of the local authority. Middlesbrough Council has annual conversations with NEPO to review the available frameworks and discuss opportunities for future procurement plans.

3.30 NEPO has a dedicated web page which provides suppliers and Local Authorities with all the information they need, and it can be visited by going to [NEPO](#).

3.31 NEPO manage and deliver our e-tendering portal and in October 2024 the 12 Local Authorities moved to the new OPEN system which NEPO have developed and now manage directly on behalf of the region. There have been a number of challenges in moving to a brand-new managed platform and we are continuing to work in partnership to ensure that this portal develops effectively.

3.32 For the purposes of this report the OPEN system was only operational for 5 months and due to development issues, we did not commence all procurement activity immediately and were running dual systems with the old system until 31st March 2025.

3.33 All suppliers were notified of the upcoming change by both the Local Authorities and via direct marketing from NEPO.

3.34 NEPO have continued to work on the North East Environmental, Social and Governance (ESG) model which is being developed and will deliver the North East's priorities. The Model will reduce the confusion about what social value is and how it is included in public procurement. It will move away from complex formulas and focus on what can be delivered by buyers and suppliers. As the region moves into an exciting new phase of devolution, we need to ensure that social value remains at the heart of what we do, and the Council are excited to understand how this new model can help us drive our own Social Value achievements through our procurements.

Local Spend

3.35 Middlesbrough Council has a strategic direction for ensuring spend remains local and this is monitored quarterly. The quotation process allows for more targeting of spend to local suppliers and practice linked to quotations is encouraged to ensure suppliers that are local and offer value for money are requested to quote.

3.36 We have procured Insights System via the NEPO521 Framework which provides us with full analysis all of our published spend data. This not only allow us to easily view accurate spend by category but more importantly can quickly show us our local spend achievement at the click of a button.

3.37 A summary of the percentage performance of local spend on a quarterly basis is shown below:

PERIOD	TARGET	ACHIEVED	SPEND
April – June 2024	40%	40%	£30m
July – September 2024	40%	44%	£33m
October – December 2024	40%	41%	£33m
January – March 2025	40%	40%	£29m

4. Other potential alternative(s) and why these have not been recommended

4.1 Not applicable for this report

5. Impact(s) of the recommended decision(s)

Topic	Impact
Financial (including procurement and Social Value)	Within Middlesbrough Council's constitution, the regulations pertaining to contracts are outlined within the Contract Procedure Rules. Staff are required to adhere to the contract procedures pertaining to any procurement activity, and flow charts and threshold tables were provided on the staff intranet as easy reference guides. Any activity linked to grant income is exempt from procurement processes if detailed within the grant conditions attached to the funding.
Legal	All contracts are required to be approved and signed by legal services.
Risk	Purchasing card governance has significantly increase with the introduction of data dashboards to all Directors and HOS and is updated weekly. We have seen significant reductions in spend and reliance on purchasing cards which is helping reduce the risk to the Council.
Human Rights, Public Sector Equality Duty and Community Cohesion	There are no human rights, equality or data protection issues arising as a result of the recommendations in this report.
Reducing poverty	This element may be part of procurement activity where services are commissioned to improve outcomes for residents of Middlesbrough.

Climate Change / Environmental	This element is supported in social value work undertaken in our procurement processes.
Children and Young People Cared for by the Authority and Care Leavers	Services commissioned as part of our procurement activity does offer support for all children's services.
Data Protection	There are no data protection issues arising from this report.

Appendices

1	Purchasing Card
2	Free Pay Performance

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