

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 16 July 2025

Contract Standing Orders and Procurement Update

(Appendices A & B refer)

Contact for further information:

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Executive Summary

The Procurement Act 2023 is designed to regulate and standardise the procurement processes across public bodies. It aims to ensure transparency, fairness, and efficiency in acquiring goods, services, and works.

This report provides members with information regarding the Procurement Act 2023, which came into effect in February 2025, and seeks some minor amendments to the Contract Standing Orders (CSO) thresholds to ensure compliance with the Act and meet current best practice.

Recommendations

The Committee is asked to:

- Note progress with implementing the requirements under the new Procurement Act 2023.
- Approve amendments to the Contract Standing Orders as set out in the report and the revised CSOs in Appendix A.

Background

1. The Procurement Act 2023 came into effect on 24 February 2025 and includes significant changes to the procedures that govern UK procurement. These are intended to create a simpler, more flexible, commercial system that better meets the needs while remaining compliant with international obligations.
2. Leaving the EU provided the UK with the responsibility and opportunity to overhaul the public procurement regulations. The four existing sets of public regulations (The Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016, the Concession Contracts Regulations and the Defence and Security Public Contracts Regulations 2011) will be replaced by one set of regulations, namely the Procurement Act, which came into force on 24 February 2025.
3. Procurements that commence on or following 24 February 2025 will be regulated by the Procurement Act 2023 and the new rules. Procurement activity since 24 February to date has not been impacted by the new requirements as new procurements have been via frameworks which are compliant, but adoption of the

Contract Standing Orders (CSO) will ensure all procurement routes meet the requirements in the Act.

4. The key changes under the Procurement Act are set out below, Lancashire Fire and Rescue Service (LFRS) has made progress against all these changes, adoption of the new CSOs will enable further compliance:
 - a. Enhanced contract transparency
 - This requires all procurement contracts to be made publicly available to ensure openness and accountability. It mandates clear documentation of procurement decisions, rationale, and outcomes. Authorities must begin implementing these transparency measures by March 2025.
 - b. Greater pre-market engagement
 - Encourages dialogue between procuring entities and potential suppliers before formal procurement processes begin. This is aimed at understanding market capabilities and fostering innovation.
 - c. Streamlined procurement processes
 - Simplifies the steps and requirements involved in procurement to reduce administrative burdens and speed up project delivery. The new streamlined procedures to be adopted by March 2025.
 - d. Digitally led procurement
 - Promotes the use of digital platforms and tools to manage procurement activities efficiently. It includes online submission of bids, electronic documentation, and digital contract management. LFRS has a new e-tendering system that links to the Central Digital Platform and ensures we are complying with the electronic tendering requirements as well as allowing us to publish all required tender notices required by law.
 - e. Supplier and buyer accountability
 - Establishes mechanisms to hold both suppliers and buyers accountable for their actions during the procurement process. This includes performance monitoring and compliance audits. The accountability framework is effective from March 2025.
 - f. Emphasis on public benefit and non-commercial factors
 - Focuses on achieving broader social, environmental, and economic benefits through procurement. It encourages considering factors like sustainability, social value, and ethical practices in decision-making. Local authorities should integrate these considerations into their procurements by March 2025.

g. New below-threshold procedure

- Introduces a simplified process for procurements that fall below certain financial thresholds, making it easier and faster to engage smaller contracts. This new procedure came into effect in March 2025.

h. Central debarment list

- Implements a centralised list of suppliers who are banned from participating in public procurements due to past misconduct or poor performance. Local authorities need to check this list as part of their due diligence from March 2025.

i. Revised evaluation criteria

- Updates the criteria used to evaluate bids to ensure they align with modern procurement goals such as innovation, sustainability, and value for money. These revised criteria are mandatory for all procurements starting from March 2025.

5. Since the implementation of the Act new procurements have been undertaken via frameworks that meet the requirements of the Act. To ensure alternative procurement routes can be undertaken, such as open and negotiated tenders, the Contract Standing Orders are required to be updated.

Changes to the Contract Standing Orders (CSO)

6. A review of the CSOs against the Procurement Act requirements identified several areas needing updates to meet best practices. The CSOs were revised accordingly, with key changes summarized below and the updated CSOs included in Appendix A of this report. Specific changes to the CSOs are set out in Appendix B to this report.

Threshold Changes

- i. The new thresholds must also account for VAT to ensure compliance with the Transparency requirements in the Act; these have been updated and rounded accordingly.

Procurement Routes

- ii. The Act introduces several new procurement routes, including competitive tendering, negotiated procedures, and dynamic purchasing systems. These routes are designed to improve transparency, efficiency, and value for money in public procurement. The Act also includes evaluation criteria set by the Cabinet Office. The CSOs have been updated to align with the Act's procurement routes and include amended evaluation criteria from the Cabinet Office, the evaluation criteria summary is set out below:
- Value for Money: Ensuring the best possible outcome relative to expenditure.
 - Social Value: Considering the impact on local communities and the environment.

- Supplier Capability: Assessing the ability of suppliers to deliver goods or services effectively.
- Innovation: Encouraging creative solutions and technological advancements.

Roles, Responsibilities

- iii. Clarity regarding the roles, responsibilities and sign off procedures are included in the amended CSOs and outlines who's responsible for the contract management in relation to each contract once the contract has been awarded.

Other Changes

- iv. Reference of old systems and processes has been removed and changes to the layout to ease the readability of the CSOs has been made where appropriate.

Future Reporting Arrangements

- 7. The Contract Procedure Rules will be reviewed annually or in line with any necessary legislation changes and will be presented to the CFA's Corporate Governance Committee for approval.

Financial Implications

- 8. Value for Money would be delivered by maintaining legislative compliance i.e. the Authority conducts its procurement activity in a regular and timely manner.

Legal Implications

- 9. Having Contract Standing Orders is a requirement of the Local Government Act 1972. Revising these CSOs aligns the Authority with current legislation.
- 10. Procurements (and resulting contracts) started on or after 24 February 2025 must comply with the procurement Act 2023 and therefore the new contract standing orders, except for the provisions relating to publication of payments compliance notices and other payments and contract performance information which will be brought into force at a later date.
- 11. Procurements (and resulting contracts) started before 24 February 2025 (including resulting contracts and modifications to those contracts) continue to be regulated by the previous procurement regime.

Environmental Implications

- 12. All construction projects consider environmental impact, and suppliers are encouraged to provide innovative environmentally friendly products and services.
- 13. Tender exercises undertaken by LFRS ask for bidders to confirm that they have a current Environmental and Sustainability Policy in place and that they have mechanisms in place for ensuring this is effectively monitored within their Organisation and also throughout your supply chain.

Equality and Diversity Implications

14. Each procurement project will take cognisance of equality issues, appropriate to the commodity being purchased and in line with the Public Contract Regulations 2006 and any amendments to the Procurement Directives.
15. For each procurement project, the internal customer/ lead stakeholder is responsible for completing an Equality Impact Initial Screening and subsequent Assessment where deemed required. Where an assessment is required and undertaken, the internal customer/ lead stakeholder must ensure this is done pre-procurement and any required changes are made to their specification/requirements before any exercise progresses.

Human Resource Implications

16. There are no HR implications identified as arising out of these procurement projects.

Business Risk Implications

17. The Service has identified a requirement to undertake all of the projects listed above. These investments into the Service will help to ensure that it continues to run efficiently in the medium/long term.

Local Government (Access to Information) Act 1985

List of background papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: Commercial Sensitivity

Appendix A: Contract Standing Orders

Appendix B: Specific amendments to the Contract Standing Orders