AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 27 October 2026

REPORT TITLE:	**PROCUREMENT ANNUAL UPDATE**
REPORT OF:	**DIRECTOR OF FINANCE (SECTION 151 OFFICER)**

REPORT SUMMARY

This annual report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (CPR's) Rule 17- Reporting to Members, Waiving the Rules (Rule 12) and Extension/Variation (Rule 13), detailed in Appendix 1. The report further outlines compliance in respect of the 'No PO No Pay' policy and also Exceptions and Breaches compared to the period in 2024/25.

The report further documents the contracts subject to the Extension/Variation or Waiver rules for the period 1st April 2025 to 31st March 2026, which under Contracts Procedure Rule 17, requires that all contracts that meet the following criteria are reported to Audit and Risk Management Committee:

a) Contract is awarded, the total value of which exceeds £500k
b) Waiver of the Contract Procedure Rules in relation to a contract which exceeds £25k in value,
c) Variation or extension to a contract approved by The Director of Finance
d) provide detail of the workflow and benefits of Contract Purchase Agreements

Appendix 1 provides a list of contracts awarded over £500k for 25/26. These have been awarded with agreement from the relevant policy and services committees.

Appendix 2 provides Exceptions and Breaches granted within compliance and budget with the approval of the appropriate officers.

Appendix 3 provides Contract Extensions and Variations that have been actioned.

Appendix 4 CPA information workflow

Appendix 5 provides details on Retrospective Purchase Orders (RPOs)

The report supports all themes of the Wirral Plan as the contracts and transactions referenced have been completed by all Council Departments. This matter affects all Wards within the Borough. This is not a key decision.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide the Audit and Risk Management Committee with assurance that the council is taking appropriate measures to comply with Contracts Procedure Rules.

2.0 OTHER OPTIONS CONSIDERED

2.1 The report is presented annually to the Committee. The other option would be not to report this information, however it is reported to ensure best practice and enhanced governance to reduce risk.

3.0 BACKGROUND INFORMATION

3.1 The Contract Procedure Rules are currently under review; however, no material changes are anticipated following the comprehensive revision undertaken to align the Rules with the requirements of the Procurement Act 2023.

3.2 The rules place the responsibility for the approval of contracts on officers of the Council.

3.3 Each contract awarded over £25k is posted on the Council's Contracts Register, after being procured via The Chest, which is the most recognised regional eContracting Portal for the majority of Northwest Local Authorities.

3.4 Within the current CPRs, there are four distinct Procedure Rules Approval Documents which are: Awards, Exceptions, Extensions and Variations These form the basis of all reports to this Committee in accordance with Rule 17.

3.5 The current CPRs include the adoption of the Procurement Act 2023, the Provider Selection Regime, the Local Government Transparency Code and the requirement to publish all contracts above £5k in value.

EXCEPTIONS AND BREACHES

3.6 In the Financial Year 25/26 there was a stabilisation in Exceptions staying at 17. However, this constituted to a decrease in value of £14k equating to a 10% reduction in value. Appendix 2 details this position. The requests to waive the CPR's for under Public Contract Regulation threshold contracts (or where the thresholds do not apply) have been authorised only in the following circumstances, supported in all cases by the appropriate evidence:

3.7 In 2025/26 financial year, the number of approved CPR Exceptions remained stable at 17. However, the total value of those exceptions decreased by £14,000, representing a 10% reduction in value. Appendix 2 of the report further details this position. Requests to waive the CPRs in respect of contracts below the Public Contracts Regulations thresholds, or where the thresholds do not apply, were approved only in the following circumstances, supported in all cases by the appropriate evidence:

a) Goods, services or the execution of works are obtainable from one source or contractor and there is no reasonably satisfactory alternative.
b) Compatibility issues such that procurement from another source would be uneconomic given the investment in the previous infrastructure.
c) A waiver of the rules would be in the interests of the Council, be lawful, and provide value for money.
d) Where there is a legal requirement to deal with a particular supplier
e) e) Contracts awarded to suppliers because of exclusive rights.

3.8 The number of Breaches increased to 10 in 2025/26, compared with one breach in 2024/25, with a total value of just under £2 million. The increase was largely attributable to a single service area, which accounted for 90% of all breaches during a one-month period. Targeted engagement has been undertaken with the service area concerned to strengthen compliance and reduce the risk of similar occurrences in the future. Further details of the breaches are set out in Appendix 2.

3.9 The Procurement team continues to have close engagement with all Directorate Management Teams, which has facilitated visibility of scenarios where Exceptions or Breaches have or may occur. By taking this approach, the team have been able to be pro-active in identifying compliant routes to market to avoid exceptions and taking mitigating actions to avoid Breaches occurring.

3.10 The Purchasing Team within Procurement monitor spend below £25,000 to ensure that cumulative spend with a Supplier does not breach the threshold within a Financial Year. When this does occur, the Purchasing Team block the Purchase Order and encourage the Commissioner to engage with the Procurement Team to carry out a compliant Tender Exercise.

VARIATIONS AND EXTENSIONS

3.12 There has been a decrease in the number of variations and extensions of contracts, resulting from enhanced and scrutiny as to why requests to modify contracts are received without going back out to the market, alongside enforcing an approach that a contract can only be varied by 10% and up to 50% if the variation can be justified as unforeseen.

3.13 Contract extensions are permissible providing there is a contractual provision to extend and it is commercially advantageous to do so. However, the continuation of contracts with the same supplier beyond their agreed term, without an appropriate contractual mechanism, is not permitted, as this would constitute a breach of the Council's CPRs and may also result in non-compliance with the Public Procurement Regulations.

3.14 All of these records are assessed as Green for compliance as they have been subject to multiple stages of approval including, Budget Holder, Head of Service, Finance, Procurement, and for Exceptions above £100k, Legal. These exceptions have ensured that services have continued to operate and have not had an adverse impact on the Council’s revenue budget and have not led to overspends

3.15 Additional information has been included in Appendix 3 detailing the volumes linked to the Directorates.

NO PO NO PAY

3.16 The No PO No Pay policy was introduced with effect from the 1st April 2019 and this report provides assurance that this policy has now been fully implemented and adhered to with no invoices received in 2025/26 without a valid purchase order number.

3.17 The policy does not apply to schools as they do not have access to the Council's procurement ordering system.

SUPPLIER SET UPS

3.18 To manage the risks in Supplier Set Ups we have implemented a modulus checker software, that checks that the bank account reflects the name of the Company being set up on the Oracle Fusion System.

CONTRACT PURCHASING AGREEMENTS (CPA'S)

3.19 A CPA process has been introduced to enable the tracking of spend against both a Contract and a Purchase Order. This is a mitigation against spend going beyond both the value of the Contract, and the Purchase Order, as well as associated spend being committed beyond the life of the Contract. This process stops non-contractual spend and reduces the risk of maverick spend against a recognised supplier. The CPA process is detailed within Appendix 4.

RETROSPECTIVE PURCHASE ORDERS (RPO's)

3.20 Procurement has proactively targeted service areas with high numbers of retrospective purchase orders (RPOs). The Procurement Team engages with commissioning officers to gain an understanding of the reasons for delays in raising purchase orders after goods or services have been received. In many cases, this is attributable to training needs; however, there are occasions where materials need to be ordered in a reactive manner.

3.21 Although there was an increase in value within Finance and Law, there was an overall reduction of 31%. Volumes reduced across all directorates, with the most significant improvement seen within Neighbourhoods, driven primarily by Leisure, Libraries and Engagement. As a result of this targeted approach, the number of retrospective purchase orders (RPOs) has reduced, as shown in the table below and detailed in Appendix 5.

2025/26 decreases across all directorates against 24/25 figures:

25/26	**Volume**		**Value**	
Adults	-2	-3%	-£101,937	-12%
Children Family & Education	-12	-57%	-£2,559,778	-60%

Finance	-30	-26%	+£947,157	+36%
Law & Corporate Services	-31	-25%	+£842,950	+109%
Neighbourhoods	-38	-194%	-£11,655	-1%
Regeneration	-5	-10%	-£3,916,900	-75%
	-21	**-315%**	**-£4,800,163**	**-31%**

PROCUREMENT CARDS (P CARDS)

3.22 Procurement have implemented the roll out of new P Cards identifying areas of high volume low value expenditure whereby the use of the cards will bring efficiencies to the Organisation and help to reduce the volume of RPOs.

3.23 In the Financial Year 25/26 there were a total of 6,262 Transactions linked to a spend of £882,123.70. The amount of P Cards in circulation is currently 122.

3.24 The P Cards are now managed within Procurement with regular spot checks on the statements to identify any misuse of the Cards.

3.25 The Council participates in a collaborative contract with Cheshire West and Chester Council and Cheshire East Council, through which it benefits from rebate income generated from both its own P Card spend and that of the two partner authorities.

CONTRACT MANAGEMENT

3.26 A Contract Management Framework is currently being developed with a view to having a final version distributed for approval by the end of December 2026. This Framework will set out the risk-based approach to how Contracts are managed based on a gold, silver and bronze methodology.

3.27 Contract Management Training has been set up on the internal FLO Training System with 202 Commissioners identified to carry out the training. The Procurement Team seek to roll this training out further after this first tranche.

3.28 Contract Management Software demonstrations have taken place with the Procurement Team to help identify solution that best meet the service needs. A benefits realisation appraisal of purchasing the software is being undertaken before determining whether to proceed.

PROCUREMENT UPDATES

3.29 **Early Payment Scheme**

- The Early Payment Scheme went live in October 2026. As part of the bidding process Suppliers have an option of committing to an early payment in exchange for a percentage discount off their commercial offer
- Income for 2026/27 – est £150k

3.30 **Construction Framework**

- A 4-year Wirral Framework for Construction Projects was awarded by 1st April 2026. The Framework will be open to any Public Sector Body in the

Northwest.

- Income for 2026/27 - £200k with potential to bring in £1m over the life of the Framework
- It is planned that 2 further frameworks will be awarded, a National Framework for Developer Partners and a National Framework for Construction Projects, both of which will provide an additional income stream for the Authority.

3.31 **Health and Social Care**

Procurement is fully engaged with Adult Social Care commissioners, and clear roles and responsibilities have now been established. Collaborative working arrangements are operating effectively. A summary of current activity in this area is provided below and demonstrates the progress that has been made.

- Current Key Tenders
  - Framework for Day Opps, Short Breaks and Supported Living
  - Adults Advocacy Services

- Key Tenders in the Pipeline
  - Early Intervention and Prevention Services
  - Residential and Nursing Care Framework
  - Care at Home and Extra Care Framework

3.32 **Procurement Pipeline**

3.33 Procurement are fully engaged with all areas of the Authority via regular engagement with Commissioners and attendance at various DMT's. This is important so that we get visibility of the Pipeline of Projects that need to be procured to enable us to have early market engagement. A summary of the current Pipeline which details projects that need procuring is as follows (note the figures are total contract value not annual spend)

Pillar	No of Projects in Pipeline	Estimated **Total** Contract Value
Place	44	£151,647,040
People	79	£570,405,021
Corporate	120	£43,019,022
Total	243	£765,071,083

3.34 **National Go Award Winner**

3.35 Procurement was recognised nationally, winning the GO Award for Best Collaborative Procurement Project for the development of a Detoxification Services Framework in partnership with Public Health colleagues and Authorities across Cheshire and Merseyside. Furthermore, the project was subsequently awarded Best National Procurement Initiative, having been selected as the overall winner from all category winners on the evening.

SOCIAL VALUES

3.37 Procurement are in the process of updating the Social Value Policy

3.38 As part of this process, the team will undertake a local needs analysis to identify the types of support required and the areas of greatest need across Wirral, with the aim of maximising Social Value commitments and outcomes. Members input in the process would be welcome.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report. Appendix 1 details a total of 23 requests approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £250m.

4.2 No PO No Pay programme minimises exposure to maverick spend and improves value for money (VFM) from existing and new contracts.

4.3 Financial controls reduce the risk of fraud and exposure to the risks identified in section 7.

5.0 LEGAL IMPLICATIONS

5.1 The Council must comply with its Contract Procedure Rules and relevant procurement Legislation

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The programme of addressing these issues has received significant levels of support from Procurement Staff to deliver training and workshop initiatives and to provide regular communications and reminders

7.0 RELEVANT RISKS

7.1 Failure to comply with the No Po No Pay Policy exposes the council to a range of risks including:

- Failure to control expenditure with suppliers and providers
- Duplicate or overpayments for goods, services and works
- Poor planning and control of contracts
- Inefficient practices and controls within the services

7.2 Failure to monitor contracts is not good governance and exposes the Council to potential fraud

7.3 Risk of litigation if fail to apply procurement legislation and/or Contract Procedure Rules. Risk of services being withdrawn, financial penalties and reputational risk.

8.0 ENGAGEMENT/CONSULTATION

8.1 The Corporate Governance Group, Departmental Management Teams, and Senior Management Teams receive monthly analysis of performance against the Contracts Procedure Rules and No PO No Pay Policy.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality issues arising from this report, but equality implications are embedded into procurement processes

10.0 ENVIRONMENT, BIODIVERSITY AND CLIMATE IMPLICATIONS

10.1 There are no direct environmental, biodiversity or climate implications arising from the report.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The content and recommendations contained within this report are expected to have no impact on community wealth. In the last 12 months the Procurement Team have delivered further sessions with the local supply market to share pipelines of up and coming projects to be procured and to inform them of the new Procurement Legislations that has come into force.

12.0 CRIME AND DISORDER IMPLICATIONS

12.1 There are no direct crime and disorder implications arising from the report.

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APPENDICES

Appendix 1 - Contracts above £500k
Appendix 2 - Breaches Exceptions
Appendix 3 - Variations Extensions
Appendix 4 - CPA Lifecycle
Appendix 5 – Retrospective Purchase Orders (RPOs)

The PDF files may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact steveboyd@wirral.gov.uk if you would like this document in an accessible format

BACKGROUND PAPERS

Data reports from the Firmstep Smart forms system, and Oracle Fusion, General Ledger and Accounts Payable modules.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Audit and Risk Management Committee	04/11/25
Audit and Risk Management Committee	22/10/2024