

From: Brian Collins, Deputy Leader of the Council
Clare Maynard, Chief Procurement Officer

To: Policy and Resources Cabinet Committee

Date: 13 November 2025

Subject: Commercial and Procurement Performance Report
(Quarter 1 and Quarter 2, 2025 / 2026)

Classification: Unrestricted

Summary:

This report provides an overview of the performance reporting of the Commercial and Procurement Division (CPD) covering Quarter 1 and Quarter 2 of the 2025/2026 Financial Year.

The paper summarises the CPD and wider Council's achievements in delivering financial benefits and return on investment during this period, detailing the value added and savings secured through commercial and procurement activity.

Additionally, the report highlights efforts to enhance wider public benefit, such as spend with local suppliers, SMEs, and VCSEs. The report also discusses improvements in reporting, supplier relationship management, and transparency and compliance.

The paper further addresses the CPD's commitment to improved policies and procedures, governance, investing in staff capability, improved systems, and working collaboratively across the Council and with partners.

Finally, the report outlines the key plans for further improvement to explain how the Council can continue towards its vision to have the best commercial and procurement function in local government.

Recommendation(s):

Policy and Resources Cabinet Committee is asked to:

- **Consider** and **note** this report.

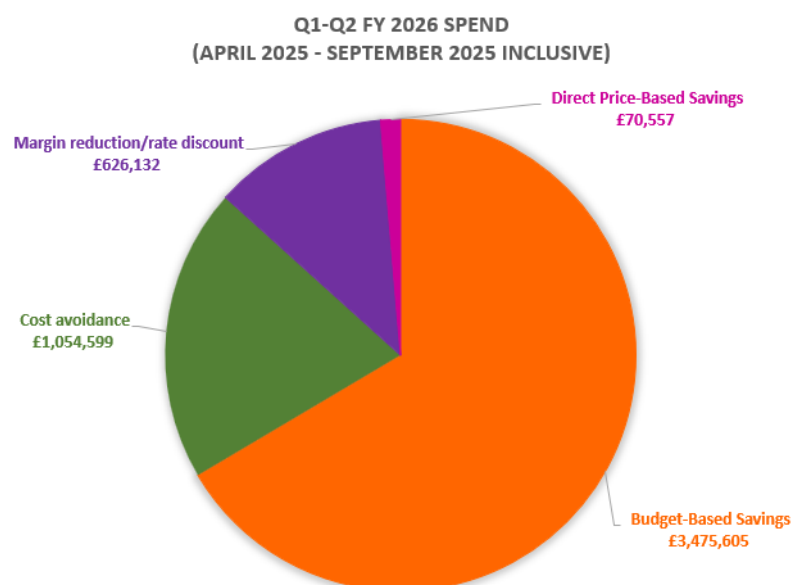
1. Introduction

- 1.1. The Commercial and Procurement Division (CPD) are responsible for leading on the Council's strategic and high value procurements and plays a central role in ensuring that public money is spent effectively. The Division provides expert commercial and procurement advice, supports contract management, and helps teams across the Council deliver value for money through their sourcing and contracting activities.

- 1.2. The CPD also works with colleagues across the Council's finance, legal, policy, and audit functions to ensure procurement governance is robust, proportionate, and practical.
- 1.3. This report provides an overview of performance in Quarters 1 and 2 of the Financial Year 2025-2026 against the key priorities outlined. It will focus on the key achievements against those priorities, and plans and recommendations to further enhance commercial and procurement practice.

2. Financial Benefits and Return on Investment

- 2.1. Delivery of financial benefits and return on investment through expert procurement and contract management is key in supporting KCC to provide quality services to Kent residents whilst delivering on best value for the Council.
- 2.2. The reporting period included the successful delivery of a complex procurement for the Council's Road Asset Renewal Contract (RARC). Working alongside colleagues within the directorate, CPD were able to secure approximately £44 million of Rate-Based Efficiency Gain over the 10-year lifetime, which allows KCC to deliver more work within this contract and the financial envelope. This gain was secured by a 19% reduction in the Schedule of Rates over the lifetime of the contract and will vary depending on how these rates are used and allow the Council to increase their investment in roads and deliver benefits to Kent residents.
- 2.3. The CPD has seen a total of £5,226,893 financial benefit in this period, not including the efficiency gain from the RARC contract. In the last financial year CPD secured £7.2 million of financial benefits and are on track to deliver a similar level of benefit in the FY 25/26. Including the RARC contract with the other financial benefits there has been a total of £68,369,890 value now having been secured since the CPD was first formed in September 2023.



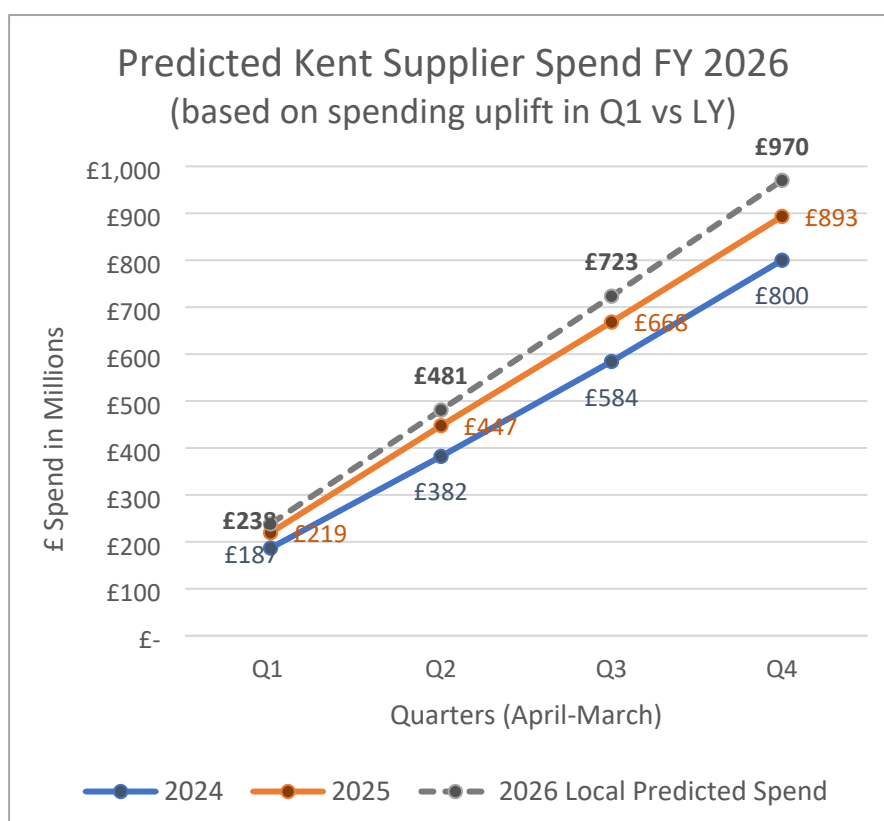
- 2.4. This added value has been realised through negotiating for better rates, securing lower costs than were initially anticipated, and by having a greater

focus on minimising specifications and scrutinising need to avoid costs. These benefits are delivered through the hard work of Directorates, working with the CPD, applying negotiation and embracing constructive challenge, from specification to the procurement process, and during contract.

- 2.5. This work also recognises the importance of delivering social value across Kent services, with several contracts embedding commitments to support local communities and protect the Kent environment within service specifications.
- 2.6. The CPD and Directorates will continue to work closely, particularly on contracts valued above the UK Public Procurement Thresholds, to take advantage of opportunities to negotiate with suppliers. Continued engagement from the CPD and wider stakeholders with the procurement governance boards will be key to identifying savings opportunities in both specification development and contract management. The CPD will continue to improve how value added is captured and reported and ensure this becomes routine for all procurements undertaken.

3. Wider Public Benefit

- 3.1. The CPD continue to monitor the Council's contracted spend with Kent-based suppliers, Small and Medium Enterprises (SMEs), and Voluntary, Community and Social Enterprises (VCSEs). In Quarter 1, 61% of KCC spend was with Kent based suppliers with a total of £25 million more spent compared to this quarter last year. There has been an increase of 17% spent with SMEs this year compared to last year, which shows a positive shift towards recognising the importance these businesses play in the Kent market. Kent has also maintained its level of spend with VCSEs this year compared to last year.



- 3.2. These figures do not capture spend with prime suppliers who sub-contract to SMEs, VCSEs and/or Kent-based suppliers. There are several examples across KCC where such arrangements are key to supporting small, local suppliers. Additionally, although significant strides have been made through the introduction of the new Oracle Cloud Programme, there is a notable volume of spend which is uncoded in terms of supplier type, and so the Council's SME spend may be higher. As this new programme is embedded into the Council's reporting systems, we will be able to be more accurate with the level of spend within SMEs, VCSEs and Kent-based suppliers.
- 3.3. Following on from the introduction of the Procurement Act 2023, the CPD has seen growing efforts to reduce barriers to SMEs and VCSEs in accessing our contract opportunities, supported by the increased transparency requirements under the new legislation. Consideration of splitting contracts into lots (i.e. dividing up large contracts), and having due regard for SMEs when designing a procurement procedure, can contribute to increased accessibility of contracting opportunities. The CPD has added resources to the KCC website to support SMEs and VCSEs interested in tendering for contracting opportunities and is currently developing a dedicated supplier hub on the KCC website to further enhance access to guidance and opportunities.
- 3.4. Obtaining wider benefits for Kent residents is continually championed by the CPD, with work underway to standardise the Council's approach to Social Value in procurement and tackling the risk of modern slavery and bribery, fraud and corruption in KCC's supply chains. A Social Value Policy is being drafted to establish a shared understanding of the Council's social value priorities strengthen our measurement and reporting on wider public benefit. Alongside this, a Responsible Procurement Charter is in development, bringing together our existing commitments to social value, protecting Kent's environment, and managing supply chain risks. Together, these documents will set our intentions around supporting Kent businesses, Kent communities, and the Kent environment.

4. Supplier Management and Partnering

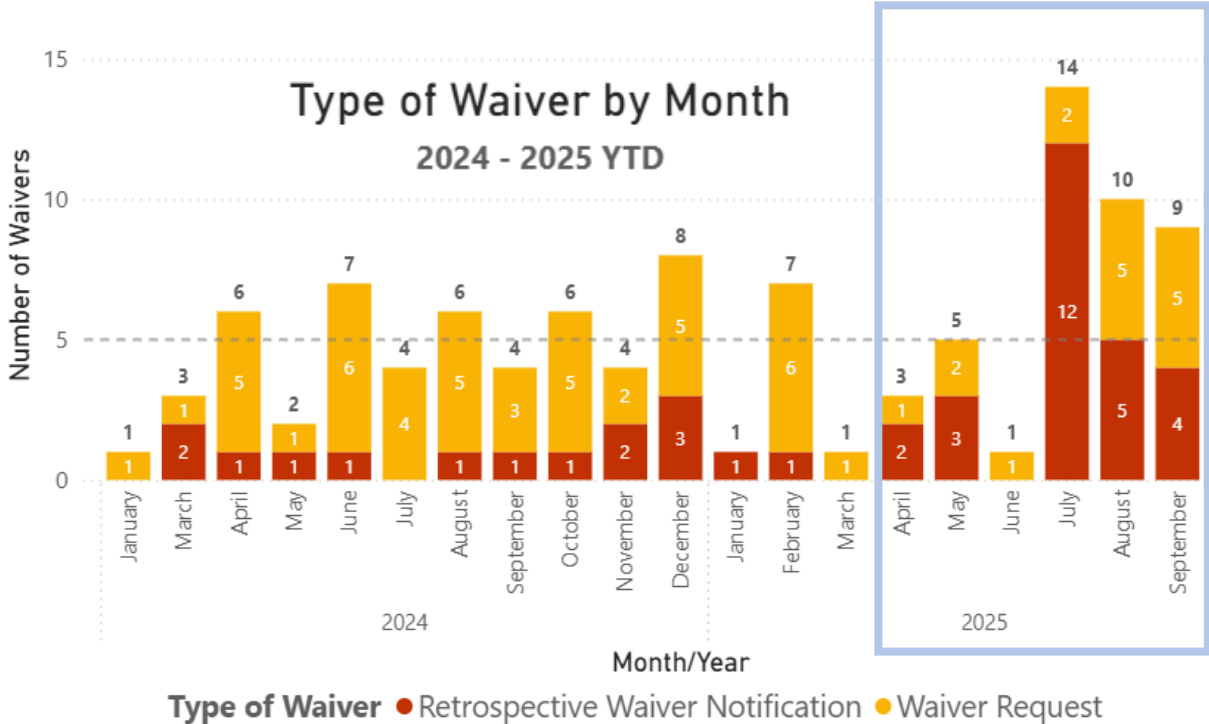
- 4.1. CPD utilises Oracle Business Intelligence Spend analysis and the Oxygen Finance Insights tool to understand the Council's key suppliers (based on spend). This supports KCC identify where it is most critical to build strong supplier relationships, but also ensure KCC explores negotiation opportunities, manages risks, and collaborates with other contracting authorities and public sector partners. KCC's key suppliers, based on annual spend, are predominately within the GET Directorate. However, there are also significant expenditures with single providers in ASCH and CYPE, in the adult and children's social care markets.
- 4.2. The CPD will be developing category strategies and supporting Directorates to manage key suppliers, getting even greater value from KCC's third party spend. There will also be further interrogation of those suppliers that comprise 80% of spend per category. The CPD will collaborate with Directorates to roll out shared resources and systems, ensuring shared data and identifying opportunities for collaborative procurement and partnerships with other local authorities and public sector partners. The ambition for future reporting is to update on the

above work, but also, over time, to include condensed summaries of performance across KCC’s key contracts.

- 4.3. In addition to understanding our key suppliers the CPD is committed to improving the management of these suppliers through enhancing the capabilities of contract management across the Council. The Division will be launching a Contract Management Policy to ensure that supplier performance is consistently monitored, supported and improved and that strategic suppliers are engaged through structured, collaborative relationships.

5. Transparency and Compliance

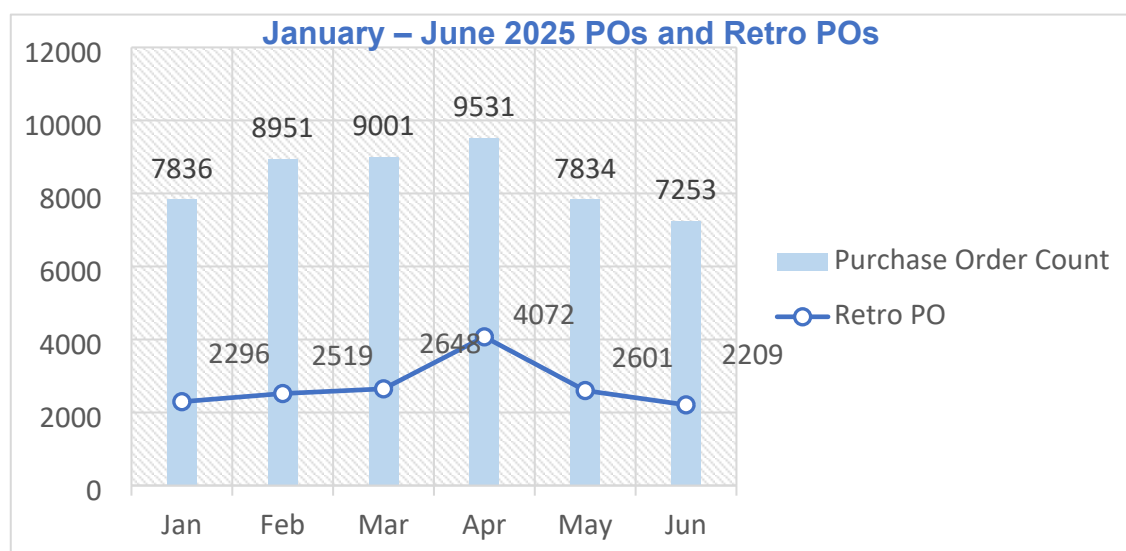
- 5.1. The CPD are key holders for the spending rules set out in Spending the Council’s Money, and reports against compliance with these rules as part of this role. Within Spending the Council’s Money, there are provisions for when Officers must request to waive their obligation to follow the internal rules, if these cannot be followed (no waiver can be given to avoid a legislative requirement). Only if approval is offered can the internal rules be waived in that instance. The CPD monitor when and how this occurs including instances where an action that has already taken place that did not follow the mandatory spending rules (acknowledged via a retrospective waiver).



- 5.2. In this Financial Year, the CPD has received forty-two requests through the ‘Waiver Process’, 39% of these have been retrospective. This increase has been driven by a number of retrospective waivers received in Quarter 2. These concerned urgent health and safety concerns, safeguarding requirements, and time-sensitive compliance works that could not be delayed without significant risk. In several cases, works were directly awarded to trusted contractors already on site to ensure continuity, avoid disruption, and meet critical deadlines, particularly where competitive tendering was impractical due to market limitations or specialist expertise. However, in all cases of retrospective waivers, the CPD team engage with the area that has submitted the waiver to

understand how improvements to practice and early engagement with procurement professionals can support running a compliant process within the timeframes.

- 5.3. This level of challenge towards waivers emphasises the aim for the Council to reduce the retrospective waivers to zero. Improvements to the Waiver process and closer working with Directorates and the Corporate Management Team will allow better understanding the trends behind the retrospective waivers. The CPD consistently engage with the Directorates to ensure the expectations set out within Spending the Council's Money are clear and understood.
- 5.4. In partnership with Finance, the CPD helps to ensure compliance with the Council's No Purchase Order No Pay Policy, which requires all spending is authorised before purchases occur. This will ensure that the Council has robust control over its budgets, whilst accountability for spending decisions sits with those who are authorised to make them. Between January and June 2025 32% of the total purchase orders were retrospective.
- 5.5. The CPD continue to raise awareness of the No PO No Pay Policy by continually communicating this across the Council and providing training to officers with responsibility for raising purchase orders. With the new Oracle Cloud system we will be able to identify retrospective POs that are exempt from the No PO No Pay policy and this will provide a better picture of compliance with this policy and allow for better targeted training.



- 5.6. The Commercial and Procurement Oversight Board (CPOB) and re-introduction of the Contract Management Review Group (CMRG), each including CPD, Finance, and Legal representation, are essential for ensuring that commercial and procurement activity is effective, compliant, and ultimately results in the delivery of Best Value for Kent residents. There have been several positive implications of the Board and subsequent improvements to the Council's approach on strategically important procurement projects and contracts. Both CPOB and CMRG have proven to be a valuable forum for providing constructive challenge and identifying common areas for development that should be addressed.

- 5.7. Going forward, especially in the current financial climate, CPOB and CMRG will remain a key part of KCC's commercial and procurement governance structure, supporting compliance, promoting best practice and collaboration with Directorates, ensuring that best value is achieved. These will be but one core component of the wider governance arrangements KCC has in place to provide robust oversight and assurance of such activity, which will be increasingly important.

6. Conclusion and Next Steps

- 6.1. The CPD, working closely with Directorates, has made good progress towards achieving its vision of becoming the best commercial and procurement function in local government. The Division's efforts have resulted in substantial value added to contractual spend, enhanced supplier management, and increased transparency and compliance. However, there is still work to be done to fully realise this vision.
- 6.2. Moving forward, the CPD will continue to focus on delivering value for money, supporting local businesses, and promoting Social Value and best value through procurement practices. The Division will also work on improving data quality and reporting, ensuring that all procurement activities are aligned with the latest legislation and best practices. Continued collaboration and engagement with all stakeholders will be essential in driving further improvements and achieving the best outcomes for the residents of Kent.
- 6.3. In January 2026, the CPD will be launching a new Commercial Strategy which will place a greater focus on commercialising Council activities and use procurement and effective contract management as strategic levers to deliver high-quality public services. This will strengthen our local economy and ensure every pound spent has the maximum impact and deliver best value outcomes for the residents and communities of Kent.

7. Recommendation(s)

Policy and Resources Cabinet Committee is asked to:

- **Consider** and **note** this report.

8. Contact details.

Report Author:

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Relevant Director/s:

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