

**TO:** Policy and Resources Committee

**FROM:** Head of Commercial and Business Support – Tracey Stradling

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## COMMERCIAL AND PROCUREMENT ACTIVITY – ANNUAL UPDATE

### 1. Purpose

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on the commercial activity of the organisation during financial year 2024/25.
- 1.2 It also provides an update on necessary changes to the Authority's Contract Standing Orders to reflect the requirements of the Public Procurement Act 2023 (PA23).
- 1.3 The last update on commercial activity was presented to the Committee at its meeting on 18 July 2024 (Minute 76 refers).

### 2. Recommendations

- 2.1 The Committee is asked to;
  - 2.1.1 note the contents of this report and make comment as appropriate,
  - 2.1.2 approve the amended Authority's Contract Standing Orders, attached at Appendix 1,
  - 2.1.3 determine if an awareness session for Members on the implementation and impact(s) of PA23 is required.

### 3. Risk Assessment

- 3.1 **Economic** - throughout all commercial activity ensuring the management of costs remains a priority as some uncertainty due to current conflicts, scarcity of supplies and increased pricing prevails.
- 3.2 **Ethical** – ensuring fair-trade practices throughout commercial and procurement activity which includes modern slavery issues, increasing demand for conscious business models and ensuring corporate social responsibility is important to the

Authority. Striving for ethical procurement considering risks associated with bribery, fraud and corruption and having plans and mitigations in place to keep the Authority free from risk or perceived risk is also important.

- 3.3 **Political** – considering how government policy, guidance and changes to best practice can impact on commercial activity and the markets we operate within.
- 3.4 **Sociocultural** – ensuring due regard is given to social value and safeguarding in all commercial activity by considering the impact on local communities. We must also ensure our supply chains can support maximising social value for the communities we serve and the economy.
- 3.5 **Legislative** – ensuring all commercial activity is compliant with PA23, the Trade Co-operation Agreement as well as other relevant legislation for example, General Data Protection Regulation and Freedom of Information, ensuring the basic principles of transparency, fairness and equal treatment are always adhered to. The PA23 came into force on 24 February 2025 and the Authority must ensure its commercial activity is fully compliant with its requirements.
- 3.6 **Technical** – ensuring as an authority we are compliant with the requirements for e-sourcing and build appropriate measures into all commercial activity to mitigate risk and cost to the Authority, meeting all compliance requirements in relation to transparency as well as the potential to deliver increased savings. Standardising bidding and opening opportunities to bigger and more diverse markets. This also leads to a reduction in the administrative burden and therefore returns cost savings.
- 3.7 **Environmental** – ensuring as an authority we deliver sustainable procurement. There is a requirement for the Authority to deliver sustainable outputs through all commercial activity and improving social impact through the supply chain (Social Value Act 2012).
- 3.8 **Demographics and people** - changing demographics means we must ensure goods, works and services procured are flexible enough to meet changes within the workforce, our communities and supply chains. We must also ensure, as an authority, we are compliant with sustainability, diversity and inclusion and social justice, reaching out to diverse groups through our procurement activity and providing guidance and support.

#### 4. **Equality Impact Assessment**

- 4.1 A high-level equality impact assessment (EqIA) will be undertaken for all procurement and commercial related policies, strategies and statements. Full EqIA's will be undertaken for those procurements which become full implementation projects or changes to items that have an impact on end users for example, equipment, clothing and training.

#### 5. **Background**

- 5.1 The Commercial Team works closely with managers and stakeholders to raise an awareness of their commercial responsibilities and seeks to drive value for money,

ethical commercial dealings, sustainability, social value and innovation, transparency and equal and fair treatment in all commercial dealings. This continues to remain a high priority at a time of continuing global uncertainty within supply chains and to ensure compliance with legislation.

- 5.2 The team continues to operate and work well under a category management arrangement. Whilst the categories remain the same, in the reporting period, two new category leads have been appointed to fill vacant posts. The current structure of the team is as follows;

**Head of Commercial and Business Support**

<b>Category Lead</b>	<b>Category Lead</b>	<b>Category Lead (Part Time)</b>
Fleet	Clothing	ICT
Property and Estates	Operational Equipment	Professional Services

A Procurement Assistant post is currently vacant and when filled it will support the category leads, undertaking low value procurements and the additional administrative and reporting requirements demanded by PA23.

- 5.3 This category management approach enables the fostering of good commercial relationships with key suppliers within the market to deliver goods and services in the best way for the Authority. It also means the commercial category lead gains and maintains a good understanding of the supply chain and therefore early identification of risks and opportunities within the market. This approach will further support the requirements of PA23 which provides for closer working relationships with suppliers through premarket engagement, knowledge of the sector and markets and support for local companies and small/medium enterprises.
- 5.4 The category structure also enables the team to build relationships with key stakeholders within the Service to best deliver their requirements whilst ensuring compliant routes to market and therefore reduce the risk of challenge, or perceived risks of fraud or corruption for the Authority.
- 5.5 The category structure is aligned with both the National Fire Chiefs Council (NFCC) and the Blue Light Commercial Organisation’s National Procurement Hub. In April 2025, after 10 years in the role of NFCC category lead for professional services, our Head of Commercial and Business Support notified her intention to relinquish it; the process of handover to the new lead is ongoing.

**6. Commercial Governance**

- 6.1 In April 2025 the Service formed a Commercial Governance Board. The Board is chaired by the Deputy Chief Fire Officer; its core membership is Monitoring Officer, Head of Commercial and Business Support, Assistant Director ICT and Occupational Health, Assistant Director Service Transformation, Assistant Director Finance/Section 151 Officer, Assistant Director Operational Support and the Head of Property and Estates.

- 6.2 The Board meets quarterly and will provide scrutiny and decision making in relation to all commercial activities. It will be forward looking, agreeing future actions as well as reviewing existing commercial arrangements. The Board will also review exemptions and allow for appropriate financial and resource planning for capital and revenue expenditure.
- 6.3 The Contract Standing Orders and Commercial Guidance have been amended to reflect the requirements of PA23 and aim to provide guidance and structure for all commercial activity. These can be found at Appendix 1.
- 6.4 Other key documents have also been drafted or revised to provide structure and guidance, in accordance with PA23, to ensure we remain compliant.

## **7. Key Priorities for 2025/26**

- 7.1 **Delivery of the procurement pipeline** – whilst pipeline planning is a business-as-usual activity, along with the requirement to publish our five-year procurement pipeline, the focus for planning meetings in 2025/26 (and 2026/27) will be;
- determining and sharing a rolling two-year pipeline which will be further broken down into quarterly action plans and reported to the Commercial Governance Board.
  - identifying the procurement opportunities which fall into the spend categories of Red, Amber and Green and determining the route to market as set out within the Contract Standing Orders. For high value procurements and particularly those which fall within the scope of PA23, appropriate procurement strategies will be developed.

The procurement pipeline for 2025/27, will be regularly shared with the Strategic Leadership Team and Heads of Groups to ensure that all planned projects involving a procurement and/or commercial activity are captured, as well as establishing whether those that have been captured from the contract register are still relevant.

As a live document it will be updated as and when changes and/or new requirements come to light through regular meetings with our Community Risk Management Team and key stakeholders as well as information/decisions passed to the Head of Commercial and Business Support following Programme Board.

- 7.2 **Embedding PA23 and Procurement Regulations 2024 (Regulations)** – following a four-month delay, PA23 went 'live' on 24 February 2025. Therefore, the major focus will be ensuring the Act is fully embedded in all commercial activity across the organisation.
- 7.3 **Commercial awareness training** – the Commercial Team will continue with a programme of commercial awareness sessions throughout this financial year to ensure an understanding of the impact of the Act and Regulations on the Authority in all our commercial dealings.

A key priority for the year is to develop a commercial awareness e-learning course for completion by middle managers and budget holders. It will include the key areas

of the Act as well as basic commercial principles, value for money, sustainability, ethics, bribery, fraud and corruption. This training will complement and enhance existing training already being delivered.

- 7.4 **Value for Money** – as this is one of the seven core procurement principles at the heart of the new regulations, a priority for the team will be to further embed value for money into all commercial activity and contract management. To be as efficient as we can in undertaking procurement activity, where possible, the Authority aims to undertake joint procurements and make use of framework agreements and permissible direct awards.
- 7.5 **Embedding ethical procurement into each procurement process** – in addition to the Act, the Public Services (Social Value Act 2012) also places an obligation on public sector organisations to ensure delivery of social impact through public money and PA23 further endorses this. As stated above a key driver within public sector procurement reform is to further embed social value into all procurement activity and our processes, evaluation criteria and guidance will be further revised to ensure this is an integral part of our tenders.
- 7.6 **Sustainability** – this is an integral part of PA23. Sustainability award criteria will be incorporated into all relevant tenders with clear objectives for suppliers and subsequently will be further embedded into contract management.

The Commercial Team will be ensuring that sustainable procurement and the Authority's aims are addressed early with the supply market at premarket engagement stage and that all tender documentation and contract management provides for achieving our targets as well as our supply chain targets and aspirations. The Commercial Sustainability Strategy for 2025/28 will be published in September 2025.

- 7.7 **Modern slavery** – it is a requirement of each public sector organisation to ensure ethical procurement is embedded into all procurement and contract management activity particularly where there is a supply chain. The Commercial Team will actively engage with suppliers to raise their awareness and ensure it is embedded throughout the supply chain and wider contract management.
- 7.8 **Embed EqIA's** – we will continue to ensure EqIA's are carried out for every procurement and policy change within the commercial function.
- 7.9 **Off contract spend** – monitoring the off contract spend will continue to be a high priority for 2025/26 and again particularly in relation to the transparency requirements of the Regulations. Through further engagement, the Commercial Team will work with the stakeholders to implement contractual arrangements, identify opportunities to make potential savings through aggregation of requirements whilst ensuring compliance with legislation.
- 7.10 **Significant projects** – there are some significant projects commencing this year, including PPE, clothing, vehicles and wide area network; engagement is a key

priority, both internally with stakeholders and externally with partner authorities and the supply market.

- 7.11 **Introduction of Procurement Standard** – this year will conclude the introduction of the Commercial Standards. As previously reported, there is nothing of concern for the Authority within the Standards therefore over the coming 12 months the Commercial Team will evidence that they have been adopted and embedded in all our commercial activity.
- 7.12 **Support small or medium sized enterprise (SME) participation** – PA23 introduces several key measures to increase SME participation and as an Authority we are now therefore required to "have regard" for this and actively consider removing barriers to SME entry into procurement opportunities. The Commercial Team will be looking for opportunities to reach out to SME's and local suppliers to share information, raise awareness and ensure inclusion for appropriate opportunities whilst also identifying the value of our spend to SME's and local suppliers.
- 7.13 **Refreshing web and share-point pages** – we will continue to add new guidance documents and templates to the commercial web and share-point pages, including opportunities for suppliers as appropriate.

## 8. Current Challenges

- 8.1 **Embedding PA23** – whilst the Act and Regulations provide considerably more flexibility with routes to market and greater transparency requirements, their implementation demands a significant transformation of our procurement processes and brings a greater administrative burden, increasing the number of published notices throughout the planning, pre procurement, market engagement, tender, evaluation, award, on boarding and contract management stages of the commercial lifecycle. These additional legislated areas pose opportunities for a greater risk of challenge therefore a further and continued need for early engagement and familiarisation across the wider organisation to ensure we do not fall foul of the requirements.

PA23 also brings in Regulated Below Threshold Procurements and a requirement to publish our procedures for these and the relevant notices which must be published prior to undertaking the procurement. The Contract Standing Orders and Guidance Document sets out how the Authority will undertake procurements which fall into this category.

There is a requirement for tenders commenced prior to 'go live' and contracts let under the previous regime to continue under that regime therefore it will be challenging working across two different sets of rules for the foreseeable future.

- 8.2 **Efficiency savings** – challenges continue to face the Commercial Team in relation to securing the required efficiency savings due to those achieved over previous years leaving little scope for further savings to be realised. We are still seeing price increases particularly in the textile/material markets which affects our PPE and clothing and we continue to work closely with our providers to mitigate these including looking at alternative products and optimum order quantities. These

issues have been impacted by the cost of materials, longer lead times due to global conflicts and financial issues affecting overseas manufacturers.

Across all categories the team will however continue to work with suppliers and stakeholders to understand cost breakdowns and margins within our contracts and where applicable rises are justified negotiate accordingly. The achieved efficiency savings for the year 2024/25 reported via Blue Light Commercial to the Home Office on a quarterly basis are attached at Appendix 2.

- 8.3 **Supply issues** - we continue to experience some supply shortages and whilst impact to date has been minimal, the team will closely monitor this aspect to ensure early mitigation is in place. This may involve alternative products, bringing forward orders or increasing order quantities to avoid the impact of long lead times.
- 8.4 **Supplier engagement** – a challenge for the team over the next 12 months and beyond will be ensuring suppliers are fully aware of our obligations under PA23, particularly around reporting transparency; premarket engagement and contract management were previously outside of the regulations.

A key objective of the Act is to reduce barriers for SME's particularly for Regulated Below Threshold tender opportunities. Reaching out to these entities and local suppliers to provide guidance will be necessary but resource challenging for the team. For in-scope procurements the team will need to identify those contracts in the pipeline which can be broken down into smaller lots suitable for SMEs.

- 8.5 **Technical specifications** – the rules on technical specifications have been amended in the Act. Specifications must not refer to any specific UK standards unless they adopt an internationally recognised equivalent. A significant amount of fire and rescue service specifications contain standards, therefore prior to any re-procurement these will need to be amended which could take some considerable time to work through. The Act also aims to use performance specifications (outputs) as opposed to conformance specifications (inputs) which will be a significant change for the organisation in some areas.
- 8.6 **Ensuring early engagement** – this is now an explicit provision within the Act and for above threshold procurements in some circumstances pre procurement planning notices and premarket engagement notices must be published prior to commencement of engagement and this must be procurement led and documented. If these notices aren't issued there is a requirement on the Authority to explain to the market why this was the case and take steps to remedy this to put all potential bidders on a level playing field. This additional step adds an administrative burden but failure to do so poses a risk of challenge or complaint to the Procurement Review Unit. It is therefore now more important than ever when embarking on a procurement process to understand what the market can deliver and again is something the Act is explicit on.
- 8.7 **Embedding of the Procurement Standard** – as an Authority we must ensure we fully embed the Standard in all commercial activity and be able to evidence this.

## 9. **Summary of Progress and Review of 2024/25**

- 9.1 Preparing for and embedding PA23 has been significant for the Commercial Team who have undertaken comprehensive training, attended webinars and seminars in readiness for 'go live'. Several documents have been created or revised and processes redesigned to meet the requirements of the Act. Awareness training has been delivered to groups and departments within the organisation,
- 9.2 Two new category leads started in April and May 2024 for Property and Estates, ICT, Professional Services and Fleet, however in October one resigned. This post has now been filled. It was a challenging time for the team as there was no opportunity for a handover from the previous category leads at a time when there was significant workload learning as well as preparation for the new Act. The team completed all PA23 e-learning modules prior to implementation as well as general procurement training and delivering against the pipeline.
- 9.3 Work continues to monitor our supply chains for early awareness of potential issues and record these on the potential risk tracker. This enables the team to put in place mitigation to limit any impact on the organisation.
- 9.4 Negotiations with suppliers on proposed price increases has continued to deliver more realistic uplifts and some savings; discussions have taken place with suppliers in relation to minimum order quantities, lead times, scarcity of products including exploring and introducing alternative products.
- 9.5 The work plan, based on the five-year pipeline information has been revised to produce a two-year pipeline and quarterly action plans in readiness for the Commercial Governance Board.
- 9.6 The team has continued to work with stakeholders to embed the revised exemption form and encourage early engagement to reduce the number of exemptions. There may be times when an exemption is necessary or provides greater value for money for the Authority.
- 9.7 In preparation for PA23 the supplier onboarding checklist and contract management checklist has been trialled. This is to ensure critical supplier checks are undertaken and recorded to provide assurance to the Authority and to meet transparency requirements, value for money, address sustainability, ethical trading, safeguarding and financial due diligence.
- 9.8 Work has continued supporting the national procurement hub and the Fire and Rescue Indemnity Company (FRIC). The Head of Commercial and Business Support and the category lead for clothing have been actively working with the national clothing category team for the next generation of firefighter clothing. The Head of Commercial and Business Support is a member of the National Commercial Board; she has been involved in the preparation of tender documents and will be involved in the evaluation of bids.
- 9.9 The current Contract Register, procurement pipeline/plan 2025/27 and the list of exemptions (waivers) and contracts let during the reporting period are available for closer inspection by Members on request.

## BIBLIOGRAPHY

Source Documents	Location	Contact Officer
Public Procurement Act 2023 Procurement Regulations 2024 Cabinet Office Guidance – various Fire Authority and Committee Reports and Minutes - various	Hinchingsbrooke Cottage Brampton Road Huntingdon PE29 2NA	Tracey Stradling Head of Commercial and Business Support <a href="mailto:tracey.stradling@cambsfire.gov.uk">tracey.stradling@cambsfire.gov.uk</a>