



**Audit Committee**  
**Thursday 5<sup>th</sup> February**  
**2026**

Item

Public



## Supply Contracts Management Update

**Responsible Officer:** Laura Tyler

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**Cabinet Member (Portfolio Holder):** Cllr Roger Evans

### 1. Synopsis

1.1 This report is to update as requested by the audit committee on the current work underway across the procurement and contracts area of the council on supply contracts management.

### 2. Executive Summary

2.1 An internal briefing paper for Supply contracts management briefing paper completed on the 27<sup>th</sup> October 2025 and was presented to the audit committee in November 2025. It was agreed that an audit review would be undertaken in 2026/27 due to the current work already acknowledged across this area and that a plan is in place for improvements across the procurement and contract management. Audit committee acknowledged the change in timescale to audit the Supply contracts management but wanted assurance and a briefing to update on the work being done to ensure progress. In addition, the councils improvement plan for Shropshire also includes specific actions for procurement and commissioning, recognising the challenges and resources needed to deliver the improvements required which has been included in this report. Whilst resources continue to be challenging, actions are progressing forward with key actions and milestones identified.

### 3. Recommendations

3.1. Audit committee notes the updates in this report and the improvement plan in appendix 1.

## Report

### 4. Risk Assessment and Opportunities Appraisal

#### 4.1. Risk table

Risk	Mitigation
Resources need to make the improvements required	New structure agreed and recruitment process commenced in December.
Ensuring the right skills to ensure we are compliant with new legislation duties	Interim support to assist with current activity and improvements required pending team recruitment.
Not having up to date data and contract information to support the organisations to inform decision making.	Contract register updated with named individuals. Development of a dashboard to look at third party spend.
Late information on procurement activity resulting on challenging procurement timelines	New contract system to be purchased which will ensure timely prompts. Governance process in place with new pipeline of activity and forward plan in development.
Inconsistent contract management across the organisation.	Baseline survey to identify gaps on high-cost contracts and will inform new contract resource framework.
Lack of understanding of commissioning, procurement and contract management.	Communications, awareness raising and training package to be developed.
Missed opportunity across lower level spend.	Picked up from spend control boards and new role to co-ordinate is picked up within new structure.

### 5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2. Over £422m was paid to external organisations in 2024/25 with the total likely to be higher for 20225/26.

5.3. Third party spend through recommissioning, procurement and contract management activity will be integral to supporting the council's wider budget pressures to ensure efficient and effective use of resources and evidencing value for money.

5.4. A high proportion of the council's savings to date have been in reducing third party spend.

5.5. Contract management is essential for good governance across the organisation.

## 6. Climate Change Appraisal

6.1. Commissioning and procurement will support the council to improve energy and fuel consumption, reduce carbon emissions, and renewable energy through setting clear expectations and targets.

## 7. Background

7.1. Previous audit reports have highlighted risks around market supply and contract management with the following actions and update:

7.2 An audit was included in the 2025/26 audit plan to review the arrangements for Key Supply Contracts. The previous audit was completed in December 2019 and received a limited assurance rating and included the following recommendations:

7.3 All officers should be reminded of their obligations under Contract procedure rules and the potential disciplinary action for failing to follow the rules set out. Responsible Officers should ensure that contracts are signed for all contracts in accordance with Contract Procedure Rules. Outcome: Significant

7.4 Update: all Officers across the council have been reminded of their responsibilities as part of the Chief Executives weekly messages to all staff.

7.5 To change the approach to contract management, improve the culture and ensure compliance with Contract Procedure Rules, the Council should establish a system that at a corporate level identifies the position of all contracts for the purposes of overview and scrutiny. The contract position should be monitored so that appropriate action can be taken to escalate issues to Service Managers and Directors in a timely manner to ensure that the Council has signed contracts or Letters of Intent for all contracts. Fundamental Update: A baseline of contract management will be done this quarter to support the development of training and contract resource toolkit.

7.6 Contract Monitoring Officers should be reminded of the need to ensure that contractors hold both current and required levels of insurance on a periodic basis. Significant Update: the new contract team will ensure that all documentation is updated, and the right information is asked for at procurement stage.

7.7 Contract Monitoring Officers should be reminded of the need for periodic financial checks to be made and provided with further guidance as to when such checks are required. It is recommended that as minimum annual accounts are obtained in respect of all contractors holding major contracts.

7.8 Requires Attention Update: the toolkit will set out the expectations on how this is embedded in contract management, this is already practice across social care practices.

7.9 It must be recognised that the council does monitor many of its contracts and the recent audit on the Waste Management contract which is the largest contract in the organisation was previously 'limited' assurance is now 'good' assurance across the board.

7.10 In addition a benchmark activity will look at contract management on contracts this will inform areas where we can make improvements quickly whilst we develop the contract framework and resource toolkit.

7.11 Key improvement actions have also been captured within the council's improvement plan as part of strengthening financial management practice and policy.

## 7.12



Strengthening financial management practice and policy
The programme will ensure there is improved financial compliance across the organisation by strengthening policy, practice and approaches to budget monitoring, controls and forecasting, income and debt collection, procurement practices and contract management

Aim: A Council that is financially stable and sustainable

Programme 3

Senior Accountable Officer (SAO)	Executive Director (S151 Officer)	
Responsible Delivery Lead (RDL):	Strategic Director - Commissioning	
Executive Member:	Finance Portfolio Holder	
Activity:	Start	End
Develop and deliver an action plan to strengthen the Internal Control Environment in response to the Limited Assurance opinion of the Chief Audit Executive	Oct 2025 April 2026	March 2026 June 2027
• Develop and agree the action plan • Deliver the action plan		
Consider and agree further responses to External Auditor Annual Report and statutory recommendation (as directed by Audit & Governance Committee and Council)	Nov 2025	Jan 2026
Financial literacy training to create strong financial literacy skills across the organisation to develop skills and discipline - including:	Nov 2025 Feb 2026	Feb 2026 Jun 2026
• Develop clear training plans for budget holders • Deliver training and set a clear expectation for all budget holders to be fully accountable for delivery within agreed budgets		
Improve financial management practices - including:	Feb 2026	Jul 2026
• Simplify budget lines/codes and cost centres • Improved controls and processes for moving budgets/savings/funds between codes (e.g. internal transfers) • Better communications around year-end adjustments • An accountability framework – with clear budget holder responsibilities		
Improve procurement and contract management function and practice – including:	Oct 2025 Oct 2025 Jun 2025 Oct 2025 Jan 2026	May 2026 Mar 2026 Mar 2026 Apr 2026/ongoing Sept 2026
• Implement new structure for procurement and contracts team • Look at income for efficiencies • Commission new contracts and procurement system • A review of Third party spend • Development and roll out of a Contracts Resource Toolkit		
Development of new strategy:	Nov 2025 Dec 2025	May 2026 May 2026
• Procurement • Commissioning		
Continue to embed new governance for commissioning, contract management and procurement (e.g. commercial and commissioning delivery group, joint commissioning delivery group, commissioning, procurement and contracts performance board)	Aug 2025	Dec 2026/ongoing
Review and refresh the approach to income collection and debt recovery to improve collection performance	Jun 2026	Dec 2026

7.13 A key action will be the implementation of a new contract management; the IT team are currently reviewing the options and operability of functions for the council. It is envisaged that this will be implemented in the next few months with all contracts uploaded to the new system and clear policies and procedures will be developed to support its implementation.

7.14 In the Supply contracts briefing update to November's audit the following audit action was updated. A procurement strategy is in draft and is awaiting the new corporate plan to align to the council's key objectives.

INTERNAL AUDIT RECOMMENDATIONS FOR KEY SUPPLY CONTRACTS					APPENDIX 1
Fundamental		Significant	Requires Attention	Best Practice	
Rec No.	Recommendation	Implications/Risks	Rec Rating	Agreed Management Action	
1.	<p>Ensure the Procurement Strategy is formally approved and the action plan to implement improvements to contract management and procurement is implemented ensuring the following controls are implemented as part of the improved framework:</p> <ul style="list-style-type: none"> <li>Ensure improved culture and compliance with Contract Procedure Rules</li> <li>Monitoring arrangements for ensuring compliance that key contract compliance controls are in place and operating effectively (e.g. signed agreements in place between parties)</li> <li>Ensuring officers are aware of and reminded of their responsibilities under the Contract Procedure Rules with potential disciplinary action for failing to adhere to Council rules.</li> </ul>	<p>The Council is exposed to third party risk as a result of ineffective monitoring arrangements covering key requirements such as performance delivery and validation of critical requirements (e.g. insurance)</p> <p>Contract Management arrangements are not defined by a risk-based contract management framework leading to inconsistency in approach and lack of oversight on ensuring critical/high value contracts are managed in line with corporate expectations leading to potential overspend, under delivery and lack of value for money</p> <p>Contracts are not properly reviewed to ensure suppliers are able to deliver continuity leading to loss of provision and invoking of continuity arrangements at short notice.</p>	Fundamental	<p><b>Action:</b> Procurement strategy and training for staff is developed with clear processes and roles and responsibilities identified that also align to the new corporate plan currently being developed</p> <p><b>Responsible Officer:</b> Marc Klonowski</p> <p><b>Target Implementation Date:</b> May 2026</p>	

7.15 Clear governance and oversight of new procurement and commissioning activity is now in place; a key question is around resources around contract management in order to highlight potential gaps but more so ensuring accountability of the service.

## 8. Additional Information

8.1. Recruitment of the new Procurement and Contract team has now commenced with each area being phased. The previous Service Manager left in November 2025; a new Service Manager will start in quarter 1 of the new financial year.

8.2. Consideration for market supplements maybe required for the recruitment of experienced officers where we know the market is very competitive with the private sector.

## 9. Conclusions

9.1 It is important to note to committee that the improvement work for procurement and contract management will be a long-term process. The recruitment and development of a new team will realistically take two years to get posts filled before we start seeing long term sustainable improvements. In the meantime, setting the foundations for improvement will need and are happening at pace with current resources.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Local Member:** All

**Consultation with Local Member** – Please consider the Local Member Protocol (see page E60 onwards of part 5 of the Constitution) and determine whether it is necessary to consult with the local member over the proposal set out in this report. This may not always be applicable (eg where the proposal affects all of Shropshire) but it should always be a consideration and in some cases a necessity so as to comply with the spirit of the Protocol.

**Appendices** [Please list the titles of Appendices]

**Appendix 1: Improvement plan**

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