

SURREY COUNTY COUNCIL

CABINET

DATE: 23 JULY 2013



REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES

LEAD OFFICER: JULIE FISHER, STRATEGIC DIRECTOR, BUSINESS SERVICES

SUBJECT: REVISION OF PROCUREMENT STANDING ORDERS

SUMMARY OF ISSUE:

The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services. The PSOs needed revision to take account of recent changes in the law, and to update them to ensure they reflect best practice and Council priorities.

RECOMMENDATIONS:

It is recommended that the Cabinet notes the proposed changes to Procurement Standing Orders (PSOs) and commends them to full Council for final approval.

REASON FOR RECOMMENDATIONS:

To progress the adoption of revised Procurement Standing Orders including amendments to reflect changes in legislation and ensuring that the Council maintains a fit for purpose set of guidance and rules to govern the procurement process.

DETAILS:

1. The Procurement Standing Orders (PSOs) set out how the Council governs spending by Officers on goods, works and services, on consultants and contractors, and on direct care services. The PSOs cover all spend with external suppliers regardless of the source of funding (for example, revenue, capital, ring-fenced government money and/or any third party funding). In the case of grant funding, the PSOs refer to a new Grants Procedure, which will be the subject of a separate report to Cabinet in September 2013.
2. These PSOs have four main purposes:
 - To secure **value for money** through appropriate market competition for contracts, so that we offer best value for services to Surrey residents.
 - To be **transparent** to our residents about how we spend their money.
 - To make sure we spend public money **legally and fairly**, and to **protect** us from undue criticism or allegation of wrongdoing.
 - To support **sustainability** and social value objectives, and our public sector equality duty.

3. The Council's Procurement Standing Orders are reviewed regularly to ensure that changes in legislation are reflected and in order to ensure that the Council maintains a fit for purpose set of guidance and rules to govern the procurement process.
4. The PSOs have been updated to take account of:
 - the latest guidance on transparency - advertising contract opportunities more widely and making them more accessible to Surrey businesses.
 - the Social Value Act 2012
 - the latest case law affecting procurement in the public sector
 - improvements to purchasing processes intended to speed up transactions and ensure proper compliance
 - improvements to strengthen contract management
 - the recommendations of the May 2013 report by Lord Young, 'Growing your business: a report on growing micro businesses', making it easier for businesses to tender for contracts
 - The procurement partnership with East Sussex County Council.
5. A copy of proposed updated Procurement Standing Orders is attached as **Annex 1**. This is presented to Cabinet for noting prior to their consideration and adoption as part of the Constitution by Council at its next meeting on 15 October 2013. In summary the changes are as follows:
 - Clearer roles and responsibilities, explaining that
 - the Head of Procurement and Commissioning is responsible for the whole procure-to-payment process across all Services and regardless of the local system used to order goods, works or services
 - Shared Services are responsible for master data about suppliers across all relevant systems
 - The Procurement and Commissioning Service now takes the lead on commercial relationships with our key critical and strategic suppliers
 - A short section on transparency explaining how we publish our spending and our contract opportunities, and our commitment to developing local suppliers.
 - Purchasers are encouraged to use local suppliers for purchases under £100,000 where they offer best value for money.
 - Market searches for new suppliers where we are spending between £10,000 and £99,999 will now be carried out by the Shared Services Buying Solutions team, who will obtain quotes on behalf of purchasers in front-line services and ensure the opportunities are advertised to local suppliers through both national and local portals.
 - A duty on Procurement & Commissioning to ensure Social Value is considered for all procurements over £100,000, covering i the requirements of the Public Services (Social Value) Act 2012, and a note of our commitment to the WWF Gold Pledge for sourcing sustainable timber.
 - For contracts up to £500,000, greater flexibility on required insurance levels from suppliers to make it less onerous for smaller companies to obtain work from us
 - Updated guidance on contract awards, to reflect recent case law.
 - Strengthened rules on the use of purchasing cards, and clearer instruction that there must be a prior purchase order for all invoices. Both of these changes are aimed at better compliance with existing orders and supporting better financial reporting of budget commitments to managers.

CONSULTATION:

6. In amending these Orders we have taken into account good practice at other Local Authorities, and across the wider public sector. This has included reviewing standing orders and supporting polices from other county and unitary authorities across the South East.
7. The revised Orders were prepared in consultation with Finance, Legal, Audit, Shared Services, and a focus group of purchasers from front-line services.
8. We have also reflected feedback received from local suppliers in the Orders.

RISK MANAGEMENT AND IMPLICATIONS:

9. A process of regular review and updating of the Council's Procurement Standing Orders helps in managing any risks associated with procurement activities. This includes:
 - a. Reducing the risk of legal challenge to contracts – by ensuring that legislation is built into our rules, and best practice into our processes.
 - b. Improvements to strengthen our ability to deliver and monitor contracts which drive value for money for the whole Council.
 - c. Ensuring proper controls are in place across the process, to ensure public money is being properly spent.

Financial and Value for Money Implications

10. There are no financial implications in these changes.

Section 151 Officer Commentary

11. The Section 151 officer has been consulted on these changes to the Procurement Standing Orders. The S151 officer is satisfied that these regulations maintain the appropriate level of control and security in the procurement and payment of goods and services.

Legal Implications – Monitoring Officer

12. The Procurement Standing Orders are required to be maintained by the Council under Section 135 of the Local Government Act 1972.
13. These revised Orders take account of revisions to EU Directives enshrined in UK Law, specifically the amendments to the Public Contracts Regulations 2006 resulting from the enactment of EU Directive 2007/66/EC (the Remedies Directive), and the Social Value Act 2012.

Equalities and Diversity

14. An Equalities Impact Assessment has been completed and is attached as **Annex 2** to this report. The summary of key impacts and actions is set out below.

Information and engagement underpinning equalities analysis	Reference to Equality and Diversity Manager
Key impacts (positive and/or negative) on people with protected characteristics	Simplification of processes around bidding for Council Contracts
Changes you have made to the proposal as a result of the EIA	Not needed – already included.
Key mitigating actions planned to address any outstanding negative impacts	Procurement to implement simplification to tender processes/questions as new e-tendering system rolls out in Summer 2013
Potential negative impacts that cannot be mitigated	n/a

Climate change/carbon emissions implications

15. The County Council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
16. Procurement Standing Orders explicitly set out the Council's approach to sustainable procurement, and the new change relating to the pledge to use sustainable timber is specifically intended to reduce the impact on climate change.

WHAT HAPPENS NEXT:

17. The revised Procurement Standing Orders will be placed before full Council for approval on 15 October 2013.
18. The progress of the current consultation on the EU Procurement Regulations will be monitored and any agreed changes will be incorporated into Procurement Standing Orders in due course.

Contact Officer:

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Consulted:

The revised Orders were prepared in consultation with Finance, Legal, Audit, Shared Services, and a group of super-users from front-line services.

Annexes:

Annex 1: Draft Procurement Standing Orders 2013

Annex 2: Equalities Impact Assessment

Sources/background papers:

- Procurement Standing Orders December 2010
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