

SURREY COUNTY COUNCIL**CABINET****DATE: 24 SEPTEMBER 2019****REPORT OF: DR ZULLY GRANT-DUFF, CABINET MEMBER FOR CORPORATE SUPPORT****LEAD OFFICER: LEIGH WHITEHOUSE, EXECUTIVE DIRECTOR FOR RESOURCES****SUBJECT: INTERIM PROCUREMENT FORWARD PLAN****SUMMARY OF ISSUE:**

The revised Procurement and Contract Standing Orders agreed by the Council in May 2019 require the preparation of an Annual Procurement Forward Plan during the business planning cycle. This new approach will be implemented in full for 2020/21, with a plan being considered by Cabinet in December. However, currently we are in a transitional phase and there is no such plan in place for the projects underway or due to start in Q3 and Q4 of financial year (FY) 2019/20. Cabinet are therefore asked to approve an Interim Procurement Forward Plan to cover this activity.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. gives Approval to Procure for the projects listed in Part 2 Annex 1 – “Interim Procurement Forward Plan for Q3 and Q4 of FY 2019/20” in accordance with the Council’s Procurement and Contract Standing Orders.
2. agrees that where the first ranked tender for any projects listed in Part 2 Annex 1 is within the +/-5% budgetary tolerance level, the relevant Executive Director, Director or Head of Service (as appropriate) is authorised to award such contracts.
3. delegates authority to the relevant Executive Director, Director or Head of Service (as appropriate) to make contract award decisions for the projects which started prior to 24 September 2019 and are listed in Part 2 Annex 2 – “Projects over £500k that started prior to 24 September 2019”, and
4. agrees the procurement activity that will be returned to Cabinet for review of the commissioning and procurement strategy prior to going out to market, and which is highlighted in grey in Part 2 Annex 1.

REASON FOR RECOMMENDATIONS:

- To comply with the Procurement and Contract Standing Orders agreed by Council in May 2019.
- To provide Cabinet with strategic oversight of planned procurement projects for the remainder of FY 2019/20.

- To ensure Cabinet oversight is focussed on the most significant procurements.
- To avoid the need to submit multiple individual requests for Approval to Procure as well as individual contract award approvals for work taking place in FY 2019/20.

DETAILS:

Business Case

1. Annex 1 lists all known projects over £181,302 that are due for procurement in Q3 and Q4 of the current financial year for each Directorate and Service. This threshold figure is the level at which the council is bound by the UK Public Contract Regulations 2015 to advertise in the Official Journal of the European Union (OJEU) and conduct a public tender for goods and services above £181,301. The threshold for works contracts is £4,551,413. These projects will be publicised in due time using the established e-procurement platforms.
2. Annex 1 has been agreed with the relevant Executive Directors, Directors, Heads of Service, Finance and the Strategic Commissioning Unit.
3. Annex 2 lists the projects over £500k that are underway and due for award after September 2019. These projects obtained all the necessary approvals of route to market under the old Procurement Standing Orders and have been publicised through the existing e-procurement platforms. These projects would have required Cabinet Member or full Cabinet approval under the old Procurement Standing Orders.
4. Under section 1.6 of the Procurement & Contract Standing Orders (PCSO), Cabinet is asked to approve these forward plans so that they may proceed to procurement without delay and delegate award decisions to Executive Directors, Directors, or Heads of Service provided the outcome is within +/- 5% of the budget agreed with Finance when each project begins. Any project with an out-turn not within tolerance will be reported in line with PCSO table 2.7a:

Under £1m:	S151 Officer
Over £1m:	S151 Officer and relevant service Portfolio Holder
Over £5m:	S151 Officer and Cabinet
5. By approving the interim forward plans in this way, there will be no need to gain Approval to Procure for each individual project for the remainder of this financial year. This will streamline Cabinet input and ensure focus on the most important projects throughout the year. However, it is likely that unforeseen projects will arise, and officers will need to seek Approval to Procure for these separately.
6. The first full Annual Procurement Forward Plan (for FY 2020/21) will be developed during the coming business planning cycle and submitted for approval at the December Cabinet meeting. Whilst the Interim Procurement Plan and the Annual Procurement Forward Plan are integral to the business planning cycle, they are not designed for financial management purposes.

CONSULTATION:

7. Consultation will take place for individual projects as appropriate to the products or services required.

RISK MANAGEMENT AND IMPLICATIONS:

8. If the Council does not manage the contract renewal programme effectively and efficiently it could lead to a detrimental impact on value for money and required outcomes and benefits from our contracted services. Good forward planning will enable adequate resources and sufficient time are dedicated to ensure appropriate procurement strategies and commercial negotiations to take place. Also, by bringing forward Cabinet approval there will be opportunity for Members to review and influence the plans in advance of any procurements being carried out.

Financial and Value for Money Implications

9. Financial and Value for Money implications will be considered on an individual project basis.

Section 151 Officer Commentary

10. The interim procurement plan sets the contracts expected to be retendered in the remainder of this financial year. It remains the responsibility of the relevant Executive Director, Director or Head of Service to ensure that any expenditure committed to as a result of these procurements remain within approved budget envelopes and is consistent with the Directorate Commissioning Strategy (which should be approved by Cabinet). For those contracts where there is yet to be a funding source identified, Finance will need to provide approval of the funding as part of the delegated decision making and these will need to come back to Cabinet for separate approval where the amount exceeds £1 million. For contracts below £1 million approval is by Head of Procurement (SCC), Executive Director in consultation with the relevant Portfolio Holder and S151 Officer.

Legal Implications – Monitoring Officer

11. Cabinet is being asked to give formal Approval to Procure for the projects listed in Part 2 Annex 1 in accordance with the Council's Procurement and Contract Standing Orders. In making this decision, Cabinet should be cognisant of its fiduciary duty to Surrey residents to ensure services are provided effectively while also maintaining a balanced budget.
12. Cabinet will note that it is being asked to delegate authority to the relevant Executive Director, Director or Head of Service (as appropriate) to award for procurements in Annex 2 explicitly where individual award decisions - under the previous Procurement Standing Orders - would have gone to Cabinet Member (£500k-£999k) or to Cabinet (£1m+).
13. Notwithstanding Cabinet giving Approval to Procure, officers will have to ensure that the Public Contracts Regulations 2015 are complied with in relation to any procurements undertaken. Furthermore, commissioners will be

aware of the 'best value duty' under Section 3 of the Local Government Act 1999. It states that the Council:

"...must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness."

14. Legal Services will continue to advise in relation to any procurements listed in Annexes 1 and 2. Any projects where additional statutory duties arise, such as the requirement to undertake public consultation or equality impact assessments prior to going out to procurement, will need to return to Cabinet for Approve to Procure once those duties have been complied with.
15. Lastly, Cabinet will note that authority to grant Approval to Procure in relation to selected health and social care matters has been delegated to the Council's representatives on the Committee in Common with Surrey's Clinical Commissioning Groups.

Other Implications:

16. There are no significant implications upon key council priorities and policy areas.

WHAT HAPPENS NEXT:

17. The approved plans will be delivered during the remainder of the financial year 2019/20.

Contact Officer:

Anna Kwiatkowska, Head of Procurement, Procurement Service

Consulted:

Service Directors, Finance, Strategic Commissioning Unit.

Part 2 Annexes:

Part 2 Annex 1 - Interim Procurement Forward Plan for Q3 and Q4 of FY19/20

Part 2 Annex 2 - Projects over £500k that started prior to 24 September 2019

Annex 3 - Categories and Terminology – Explanatory Note to Annex 1 and Annex 2

Sources/background papers:

Procurement and Contract Standing Orders 2019