

SURREY COUNTY COUNCIL**CABINET****DATE:** 19 DECEMBER 2023**REPORT OF CABINET MEMBER:** DAVID LEWIS, CABINET MEMBER FOR FINANCE AND RESOURCES**LEAD OFFICER:** LEIGH WHITEHOUSE, DEPUTY CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF RESOURCES FOR SURREY COUNTY COUNCIL**SUBJECT:** ANNUAL PROCUREMENT FORWARD PLAN FY2024/25**ORGANISATION STRATEGY PRIORITY AREA:** GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ENABLING A GREENER FUTURE/ EMPOWERING COMMUNITIES**Purpose of the Report:**

The revised Procurement and Contract Standing Orders agreed by the Council in May 2019 (and further revised in March 2023) require the preparation of an Annual Procurement Forward Plan (APFP) during the business planning cycle. The APFP has been developed for 2024/25 and Cabinet is asked to approve the plan to allow implementation of the identified procurement activity.

Recommendations:

It is recommended that Cabinet:

1. Gives Approval to Procure for the projects listed in Annex 1 – “Annual Procurement Forward Plan for FY2024 25” in accordance with the Council’s Procurement and Contract Standing Orders.
2. Agrees that where the first ranked tender for any projects listed in 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. Agrees the procurement activity that will be returned to Cabinet prior to going out to market (Annex 1, column R).
4. Notes projects that will be presented to Cabinet or the Strategic Investment Board for approval of the business case (Annex 1, column T).

Reason for Recommendations:

- To comply with the Procurement and Contract Standing Orders agreed by Council in May 2019 and further revised in March 2023.
- To provide Cabinet with strategic oversight of planned procurement projects for FY2024/25.
- 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 FY2024/25.

Executive Summary:

Business Case

1. Annex 1 lists all known projects with a value over £213,477 (inc. VAT) and that are due for procurement in FY 2024/25 for each Directorate and Service. This threshold figure is the level at which the Council is currently bound by The Public Contracts Regulations 2015, as amended, to advertise in Find a Tender (UK e-notification service where notices for new procurements are required to be published) and conduct a public tender for goods and services. The threshold for works contracts is currently £5,336,937 and Light Touch Services are £663,540. These projects will be publicised in due time using the established e-procurement platform.

Annex 1 has been agreed with the relevant Executive Directors, Directors and Heads of Service.

2. 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 tender outcome is within +5% of the budget agreed with Finance when each project begins. Any project with a tender outcome not within tolerance will be reported in line with PCSO table 2.7a:
 - i. Under £1m: S151 Officer
 - ii. Over £1m: S151 Officer and relevant service Portfolio Holder
 - iii. Over £5m: S151 Officer and Cabinet
3. By approving the APFP in this way, there will be no need to gain Approval to Procure for each individual project during 2024/25. 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.
4. Whilst the APFP is integral to the business planning cycle, it is not intended to set budgets for coming years, a task which is handled via the Council's annual budget report.

Consultation:

5. Consultation will take place for individual projects as appropriate to the goods or services required.

Risk Management and Implications:

6. 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:

7. The APFP approach has been designed to facilitate better planning, early engagement, and strategic oversight and, therefore, allows for more efficient and effective use of resources to support delivery of commissioning intentions.
8. In the current financial and economic climate with inflationary pressures continuing as well as raising material and labour costs, all projects will be subject to a full procurement report which details the commercial and value for money considerations.
9. Early market engagement will continue to be a significant step in addressing the market volatility risks, understanding which suppliers have the capability and capacity to provide the goods and services and ensuring good interest and competition at procurement stage for our projects. It's a crucial opportunity to openly discuss with potential providers any challenges that the Council is facing to help identify solutions, or even give the market an opportunity to jointly develop solutions to solve the problem(s).
10. SCC will continue to work closely with the supply market to form stronger relationships, mitigate risk and secure the appropriate procurement models to drive sustainability and affordability. Supplier and contract management will also be important, from appointing the right supplier to monitoring the vendor performance against the key deliverables of the contract. This will be supported by data and analytics to ensure deeper insights into market trends, supplier performance, challenges, and opportunities. Collaboration and sharing intelligence amongst key directorates and external partners on high value/high risk contracts will be fundamental to ensuring greater shared knowledge of suppliers' financial position and any mitigating actions.

Section 151 Officer Commentary:
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11. Significant progress has been made in recent years to improve the Council's financial resilience and the financial management capabilities across the organisation. Whilst this has built a stronger financial base from which to deliver our services, the increased cost of living, global financial uncertainty, high inflation and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to be forward looking in the medium term, as well as the delivery of the efficiencies to achieve a balanced budget position each year.
12. In addition to these immediate challenges, the medium-term financial outlook beyond 2023/24 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.
13. 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. As such, the Section 151 Officer supports the recommendations.

Legal Implications – Monitoring Officer:

14. Cabinet is being asked to give formal Approval to Procure for the projects listed in 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.
15. Notwithstanding Cabinet giving Approval to Procure, officers will have to ensure that The Public Contracts Regulations 2015, as amended, and any further legislation introduced are complied with in relation to any procurements undertaken. Furthermore, commissioners will need to be aware of the 'best value duty' under Section 3 of the Local Government Act 1999 and its requirements on them. 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.*"
16. For projects where additional statutory duties arise at a later date, for example as a result of a change in commissioning strategy, the Approval to Procure given at this stage will no longer be valid and further approvals will be required. Once additional statutory requirements have been satisfied, the report will need to return to Cabinet for a new Approval to Procure. Legal Services will advise in relation to any such situations.
17. 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 Surrey-wide Committees in Common. The relevant projects are included in Annex 1 for information only.

Other Implications:

18. Procurement strategies will be developed for each of the APFP projects. Due consideration will be given to potential implications for the Council priorities and policy areas, such as Social Value, Environmental Sustainability as well as opportunities to contribute to the net-zero emissions target.

What Happens Next:

19. The approved plans will be delivered during the financial year 2024/25.

Contact Officer:

Anna Kwiatkowska, Head of Procurement, Procurement Service

Consulted:

Service Directors, Finance, Legal.

Annexes:

Annex 1 – "Annual Procurement Forward Plan FY 2024 25"

Sources/background papers:

Procurement and Contract Standing Orders March 2023 (Issue 12)

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