

Date: **23 January 2018**

To: **Governance Committee**

By: **Chief Operating Officer**

Title of report: **Revisions to Procurement Standing Orders (PSOs)**

Purpose of report: **This report provides an overview of the proposed amendments to the PSOs, including the rationale for the changes**

RECOMMENDATIONS

The Governance Committee is recommended to recommend the County Council to approve the revised Procurement Standing Orders as set out in Annex 2 of the report.

1 Background

- 1.1 The PSOs set out how the Council governs spending by Officers on goods, works and services, on consultants and contractors, and on direct care services. They cover all spend with external suppliers regardless of the source of funding (for example, revenue, capital, ring-fenced government money and/or any grant or third party funding).
- 1.2 They have four main purposes:
 - 1.2.1 to ensure we meet the Council's statutory duty to Best Value and to create healthy competition and markets for the Goods, Services and Works we buy.
 - 1.2.2 to be **transparent** to our residents about how we spend their money.
 - 1.2.3 to make sure we spend public money **legally and fairly**, and to **protect** us from undue criticism or allegation of wrongdoing.
 - 1.2.4 to support **sustainability** and **social value** objectives, and our public sector **equality** duty, encouraging local small businesses.

2 Purpose of the Changes

- 2.1 The PSOs have been updated to take account of:
 - 2.1.1 the transformed procurement service and resulting changes to organisational structure which launched on the 1 April 2017
 - 2.1.2 improvements to procurement processes aimed at more efficient delivery; including the introduction of a Sourcing Governance Board.

2.1.3 improvements to strengthen contract management with the formation of the Contract and Supply team

It has entailed an end to end review of policy to ensure all regulations are current and relevant.

2.2 The Orders have also addressed all relevant aspects of audit reports including:

- improved guidance for Consultancy expenditure, Grants, Waivers and Financial Checks
- the role of the newly formed Sourcing Solutions Team in managing spend between £15k and £100k

2.3 A more detailed explanation of the key changes is included in Annex 1 alongside a full version of the proposed new PSOs in Annex 2

2.4 Since the revised Orders require changes to processes they will be reviewed after six months to ensure these are effective. Should any amendments be required following the review a further report will be provided in relation to these.

3 Consultation

3.1 In amending the PSOs 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 policies from other county and unitary authorities across the South East.

3.2 The revised Orders were prepared in consultation with Finance, Legal, Audit, Business Operations, HR and Procurement staff.

4 Conclusion & Reasons for Recommendations

4.1 The Procurement Standing Orders have been updated to ensure they align with the enhanced procurement service offering following a transformation of structure and process. Legislation has been reviewed and revised to ensure the Council continues to commit funds in accordance with the latest version of the Procurement Contract Regulations, and processes have been improved to provide greater assurance whilst continuing to ensure value for money is achieved as efficiently as possible.

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Annex 1: Key changes to Procurement Standing Orders

Section	Change
Introduction	<ul style="list-style-type: none"> • Procurement organisational changes (throughout document) to reflect new roles and teams • Strengthened the Key Principle relating to VFM • Breaches of the PSOs are now reported quarterly to the Statutory Officers Group • Fees for external auditors are no longer specified as an exclusion from the scope of the PSOs • Additional Roles & Responsibility: <ul style="list-style-type: none"> • Consulting HR where temp or Consultant requirement is outside the corporate contract • Insert reference to Orbis Ethical Procurement Statement • Expanded the guidance on Transparency including; Developing Local Suppliers and Bribery, Canvassing, Corruption and Collusion and compliance with Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012
Finding & Contracting with Suppliers	<ul style="list-style-type: none"> • Additional guidance on how to manage grant funded projects • New guidance on State Aid • Clarification on who Awards and Approves within Table 2.2.1 • Introduction of Sourcing Solutions Team for spend between £15k and £100k to table 2.2.1 • Reminder to consult HR where requirement is for temporary workers or consultants and corporate contract is not being used
Section	Change
Buying Principles	<ul style="list-style-type: none"> • Expanded the basic steps when considering a procurement • Expansion on guidance for existing contracts to ensure appropriate Service Contract Manager is consulted • Expanded the guidance on Select Lists, Collaboration, Concession Contracts and Temporary Staff, Consultants & Professional Services
Sourcing Your Contract	<ul style="list-style-type: none"> • Introduction of Sourcing Solutions Team for spend between £15k and £100k • Introduction of Sourcing Governance Board (SGB) for a 6 month trial period and clarification of approval process for all procurement activity over £100k. Head of Procurement retains discretion to delegate to SGB as appropriate • Additional guidance on awarding contracts above the PCR threshold, the SGB process (including the Lite Touch Regime) and Procurement Procedures • New guidance on the use of Select Questionnaires • Expanded 4.4.3 Sustainability & Social Value to refer to Social Value Measurement Charter

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Waivers & Emergencies	<ul style="list-style-type: none"> • Clarification on the difference between an Emergency and the mitigation of risk within a contract • Additional guidance on Waivers
Liability & Security	<ul style="list-style-type: none"> • Additional guidance on Financial Checks following consultation between Finance, OPL and Procurement • Reintroduction of the Insurance liability levels
Managing Your Contracts	<ul style="list-style-type: none"> • Section rewritten to update and clarify guidance on Contract Award Notices, Contract Segmentation and Management and Contract Modifications and Extensions • Clarified approval levels which now has only two thresholds (up to and then beyond £100k) • Approval for Modifications and Extensions involves Assistant Chief Executive
Paying Your Suppliers	Reformatted guidance to reflect the priority of e-invoicing
Disposing of surplus goods	Checked to ensure guidance was current and identified specific policies for Property and ICT

Section	Change
Legal status of PSOs	Moved to the front of the document
Glossary of Terms	Minor updates to reflect changes to the document