

**Report to:** Governance Committee

**Date of meeting:** 26 April 2016

**By:** Chief Operating Officer

**Title:** Update to Procurement Standing Orders

**Purpose:** To review and consider proposed amendments to the Procurement Standing Orders

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## ***RECOMMENDATIONS***

**The Governance Committee is recommended to recommend the County Council to approve the revised Procurement Standing Orders as set out at Appendix 1**

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### **1 Background**

1.1 The Procurement Standing Orders (PSOs) set out the mandatory rules by which the Council spends money on supplies, services and works. Following the restructure of the Procurement Team at the beginning of 2013, the Contract Standing Orders were replaced by the PSOs which were agreed by the County Council in December 2013. This was the first major change to the formal governance in procurement for many years, and resulted in changes including to thresholds. Although the look and feel of the PSOs are proposed to be amended, there are no further significant changes being made.

1.2 The PSOs cover all areas of spend and all staff are responsible for following them, whether permanent, interim or a contractor. The PSOs are our corporate standards for good governance and to obtain best value for money.

1.3 Changes to Standing Orders is a constitutional matter requiring approval by the Full Council. The previous changes brought East Sussex County Council more in line with the thresholds that other councils within the South East 7 (SE7) use and also ensured reference up to date policy, like the Employment and Skills Through Procurement Policy. The PSOs also encouraged the use of small and local businesses, where this offers best value. The changes now being proposed strengthen these areas further.

1.4 The PSOs have four main purposes, all of which help contribute towards the Councils overarching priority outcome of 'Making best use of resources':

- To secure **value for money** through appropriate market competition for contracts, so that the Council offers best value for services to the residents of East Sussex.
- To be **transparent** to the residents of East Sussex about how the County Council spend their money.
- To make sure that the Council spends its public money **legally and fairly**, and to **protect** it from undue criticism or allegation of wrongdoing.
- To support **social value objectives**, and the Council's public sector equality duty.

1.5 The proposed changes and updates are intended to take account of a number of areas:

- new Public Contract Regulations 2015;
- best practice updates for lower value contracts from Lord Young recommendations aiming to making it easier for small and local businesses to tender for contracts;
- the Local Government Transparency Code on publication of data;
- closer alignment of procurement practices to support effective collaboration and partnership working, including extension of the existing partnership with Surrey County Council, whilst still respecting the sovereignty of individual Council requirements;
- improvements to purchasing processes intended to speed up transactions and ensure proper compliance;
- improvements to strengthen contract management and management of contract variations and extensions; and
- updates to reflect best practice around electronic invoicing.

## **2 Supporting information**

2.1 Workshops held in 2015 attended by Legal and Procurement officers across East Sussex and Surrey County Councils, explored areas where simplification of the current governance arrangements could bring benefit to both organisations. The 'look and feel' of the PSOs are intended to be easier to read and follow by 'non experts', and remove the uncertainty around which rules are more important than others.

2.2 The proposed revised PSOs document is attached at Appendix 1 incorporating comments from the Council's Statutory Officer Group and Corporate Management Team.

## **3. Conclusion and reasons for recommendations**

3.1 The Governance Committee is recommended to recommend the County Council to approve the Procurement Standing Orders as set out in Appendix 1.

3.2 The PSOs should be regularly reviewed, and need to remain relevant to East Sussex County Council. The opportunity for further changes will be kept under review and reported through the Statutory Officers Group as appropriate, with any decisions being taken through the Council's decision making process in the usual way.

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