

ANGUS COUNCIL

14 DECEMBER 2023

PROPOSED NEW PROCUREMENT STANDING ORDERS

REPORT BY THE DIRECTOR OF LEGAL, GOVERNANCE AND CHANGE

ABSTRACT

This report presents to elected members proposed new “Procurement Standing Orders” for consideration and approval. It is proposed that these will replace the provisions in the Council’s Financial Regulations relating to Contracts and Procurement and will come into effect on 1st April 2024.

1. RECOMMENDATIONS

It is recommended that the Council: -

- (i) considers the proposed Procurement Standing Orders attached at Appendix 1 and agrees that these shall replace the provisions contained within Section 16 of the Council’s Financial Regulations relating to “Procurement Arrangements”;
- (ii) notes in terms of the proposed Procurement Standing Orders the process for a new upfront annual procurement workplan and its impact on committee reporting as outlined in paragraph 4.4 of this report;
- (iii) approves the proposed Procurement Standing Orders for implementation from 1 April 2024; and
- (iv) delegates authority to the Director of Legal, Governance & Change, following consultation with the Director of Finance, to make the necessary changes to the Council’s Financial Regulations to account for the fact that new Procurement Standing Orders are to be introduced, replacing the provisions in Section 16 of the Council’s Financial Regulations relating to Contracts and Procurement, starting from 1 April 2024.

2. ALIGNMENT TO THE COUNCIL PLAN

This report contributes to the achievement of our priority that the council is efficient and effective as detailed in our Council Plan for 2023 – 2028.

3. BACKGROUND

- 3.1 The Council’s current rules around how its procurement activities are undertaken are contained in the Angus Council Financial Regulations and although these have served the Council well over many years they have not been reviewed and require to be updated. Current references to Procurement within the Financial Regulations are not aligned to current best practice and government policy. In addition, they have also been added to over the years and are now lengthy and, at times, can be quite difficult to follow. As the Procurement & Commissioning Team embarks on a programme of training and support across the Council, in recognition of the devolved procurement model in operation, this is an opportune time to make the Regulations fit for purpose and easy to apply, by non-procurement professionals.
- 3.2 The demands and expectations on public sector procurement have advanced since the current Regulations were drafted, for example increased requirements regarding the achievement of community benefits, advancements in support of the climate agenda, making it easier for SMEs (small to medium enterprises) to find and win contracts thus dictating that amended regulations be put in place.

3.3 Following the Local Government Elections in May 2022, a Governance Member/Officer Group was re-established to review a number of key documents that make up part of the governance framework for the Council, including the Standing Orders, the Order of Reference of Committees and the Scheme of Delegation to Officers. These are subject of a separate report to Council today. The MOWG met on a number of occasions to discuss further proposals including the introduction of new Procurement Standing Orders.

4. PROPOSALS

4.1 It is proposed that the sections currently in the Financial Regulations relating to Procurement are removed and that a standalone set of "Procurement Standing Orders" are introduced. The key proposals are outlined in Appendix 1 below. This will immediately make it clearer for procuring officers to identify what their obligations are by being in one bespoke document as opposed to being part of a much broader set of Financial Regulations and will also make any future amendments / updates much easier. As well as simplifying the process for procuring officers, these proposed changes are designed to: -

- Allow greater oversight of planned activities by the Procurement & Commissioning Team.
- Encourage more local supplier involvement.
- Support the ongoing work on the Council's Contracts Register.
- Increase transparency around the procurement process.
- Increased compliance with legal requirements thus reduced risk of challenge.
- Ensure appropriate procurement knowledge is applied throughout the process.
- Improve the quality of the outcomes of the Council's third-party procurements.
- Create continuity in the marketplace as regards doing business with Angus Council.
- Support the Council's Performance Indicators.

4.2 The individual Services will still maintain their delegated powers to undertake their own procurements, but this will be done within a framework offering greater clarity on support and Procurement & Commissioning Team involvement where relevant.

4.3 These proposals have been considered by the Corporate Procurement Group, CLT and the Governance MOWG and have been found to be acceptable.

4.4 In terms of the new Procurement Standing Orders, a new upfront annual procurement workplan will be introduced for the financial year 2024/25. This will give the Procurement team advance oversight of the aggregate future spend plans so they can most appropriately add value and influence via internal and external collaborations, streamlining requirements, market engagement, opportunities for efficiencies etc. This annual procurement workplan will require confirmation of the Procurement & Commissioning Team's involvement and subsequent comment prior to seeking committee approval.

4.5 This will also streamline the committee reporting process by reducing the number of individual reports being brought throughout the year. What will happen is that each Directorate will bring one report to P&R with a spreadsheet identifying their proposed procurement plans, in excess of delegated thresholds. The spreadsheet will include full details of the proposed procurement including whether any community benefits will apply, see Appendix 2. There will also be an accompanying Procurement Approval Form (PAF), please see Appendix 3. For each procurement listed, Committee will then have the option to approve, defer with a request for more information, approve subject to committee approval prior to award (where the estimated value is >£10m), or reject. Whilst there will still be a need for individual approval in instances of unplanned expenditure, it is hoped the majority of planned procurements can be brought to committee, for procurement route approval, in advance of the start of the Financial Year (this timing may vary for some parts of Education and Lifelong Learning due to differences in budget planning timetables, linked to the improvement cycle for schools).

4.6 It should be remembered that the role of Committee with regards procurements has always been in relation to approval of the procurement strategy and not the project itself (which will usually have been approved through the budget process).

4.7 It is intended that the streamlined Procurement Standing Orders will make the whole process less onerous for procuring services and assist in achieving best value for the Council. Whilst the upfront annual procurement workplan will require a shift in working practices and require additional upfront information, this will enable Services to holistically consider their annual requirements and will facilitate a much more streamlined governance process thereafter. This proposal is all about supporting those delegated to undertake their own procurements in as relevant and proportionate a manner as possible whilst enabling the Procurement & Commissioning Team to have that increased involvement when appropriate. It will also provide members with a strategic oversight of Directorates planned annual procurement spend subject to the ad hoc instances of spend outlined above.

5. FINANCIAL IMPLICATIONS

5.1 There are no additional financial implications arising directly from this report. The proposals aim to deliver on our priority that the Council is efficient and effective as detailed in our Council Plan. This new approach does have the potential to reduce officer and member time spent on governance matters which may have a positive financial impact. The annual procurement workplan will also prove beneficial in allowing Procurement colleagues an oversight of aggregate plans at a time when there is still the opportunity to influence, add value and harness efficiencies. Furthermore, the proposed new Procurement Standing Orders will improve auditability of procurement activity across the Council as a whole. The introduction of a competent Delegated Procurement Authority process will ensure a minimum standard of procurement activity across the devolved model whilst still allowing appropriate involvement by the Procurement function.

6. EQUALITY IMPACT ASSESSMENT

6.1 A screening Equality Impact Assessment has been carried out and a full EIA is not required as the report is technical.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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APPENDICES: -

Appendix 1: Procurement Standing Orders
Appendix 2: Style Annual Procurement Workplan
Appendix 3: Procurement Approval Form