

West Surrey Shadow Authority		
Report title: West Surrey Constitution: Contract and Procurement Procedure Rules		
Report to: Constitution Sub-Committee		
Date: 17 September 2026		
Executive Portfolio Holder: Cllr. Victoria Kiehl Contact Email: Victoria.Kiehl@westsurrey.gov.uk		
Report of Susan Sale, Monitoring Officer (interim), susan.sale@westsurrey.gov.uk		
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Wards affected: ALL Ward councillors informed: No		
Exempt from publication: No		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	N/A	N/A
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	N/A	N/A
S151 Officer	Susan Sale on behalf of Vicky Radford	11 September 2026
Monitoring Officer	Susan Sale	11 September 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl	11 September 2026
Committee Chair consultation	Cllr Joanne Shaw	11 September 2026
Head of Paid Service	Susan Sale on behalf of Andy Brown	11 September 2026

1. Executive Summary

- 1.1.** This report presents and invites comment on the principles of the proposed content for the Contract and Procurement sections of the new Standing Orders for West Surrey.
- 1.2.** Section 9P of the Local Government Act 2000 requires every local authority to prepare, maintain, and keep up to date a formal constitution. This document controls how the local council operates, makes decisions, and handles its governance.
- 1.3.** The sections relating to Contracts and Procurement set out how the Council authorises and manages expenditure and resulting commercial contracts with other organisations.
- 1.4.** It is therefore essential that the new unitary authority of West Surrey Council establishes new Standing Orders to be effective from Vesting Day on 1 April 2027, and that the detail of the Contract and Procurement elements of those standing orders are agreed in time to establish required process and controls ahead of vesting day.
- 1.5.** The principles of the proposed content were considered by the Audit and Governance Committee on 3 September 2026. The Constitution Sub-Committee is now invited to consider the proposed approach, structure and key governance thresholds and provide comments and feedback to inform the development of the detailed Contract and Procurement Procedure Rules.

2. Recommendations:

- 2.1.** It is recommended that the Constitution Sub-Committee resolves to:
 - 2.1.1.** note the consideration of the proposed approach and details provided in respect of the Contract and Procurement Procedure Rules by the Audit and Governance Committee on 3 September 2026;
 - 2.1.2.** consider and provide comments and feedback on the proposed approach to the Contract and Procurement Procedure Rules set out in this report;
 - 2.1.3.** consider and provide comments and feedback on the proposed heads of terms set out in Annex 1 to this report, 'Proposed Procurement and Contract Procedure Rules Structure and Content Framework; and
 - 2.1.4.** considers and provides comments and feedback on the proposed key governance thresholds and related detail set out in Annex 2 to this report 'Proposed Thresholds, routes to market, delegation of authority for contract award etc.

3. Reason(s) for recommendation:

- 3.1.** It is a legal requirement for the new unitary authority to have an approved set of Standing Orders effective from Vesting Day. Officers need a steer from Members as to the development of the Contract and Procurement sections of the Standing Orders.

4. Next steps

- 4.1.** Comments and feedback received from the Audit and Governance Committee on 3 September 2026 and the Constitution Sub-Committee on 17 September 2026 will inform the development of the detailed Contract and Procurement Procedure Rules.
- 4.2.** The detailed Contract and Procurement Procedure Rules will be presented to the Audit and Governance Committee on a date to be confirmed in October 2026.
- 4.3.** The detailed Contract and Procurement Procedure Rules will be presented to the Constitution Sub-Committee on 29 October 2026 for approval and recommendation to the Standards Committee.
- 4.4.** The detailed Contract and Procurement Procedure Rules will then be presented to the Standards Committee on 2 November 2026 for approval and recommendation to Council.
- 4.5.** Subject to the recommendation of the Standards Committee, the Contract and Procurement Procedure Rules will be presented to Council for adoption as part of the West Surrey Council Constitution, with effect from Vesting Day on 1 April 2027.

5. Exemption from publication

- 5.1.** None of this report is exempt from publication.

6. Background and Proposal

6.1. Context

- 6.1.1.** Local Government Reorganisation (LGR) and the formation of the new unitary authority of West Surrey Council requires the development of new Standing Orders. Those Standing Orders must contain key governance procedures in respect of the procurement and management of contracts.
- 6.1.2.** The proposed approach and high-level principles for the Contract and Procurement Procedure Rules were presented to the Audit and Governance Committee on 3 September 2026 for comments and feedback.

6.1.3. The Audit and Governance Committee supported the proposed approach to developing the Contract and Procurement Procedure Rules and identified a number of matters for further consideration. These included:

- a) making value for money explicit as a general procurement principle;
- b) ensuring the Rules provide appropriate governance throughout the full procurement and contract lifecycle, including effective contract management and performance monitoring following contract award;
- c) providing clear arrangements for the approval and escalation of contract variations, scope changes and increases in contract value, aligned with the Financial Procedure Rules;
- d) ensuring that delivery of social value and environmental or sustainability commitments made through the procurement process is appropriately monitored during the life of a contract; and
- e) reviewing the proposed governance thresholds in Annex 2. Members considered that the proposed thresholds should be subject to further review and benchmarking to ensure an appropriate level of Member oversight. The Chair suggested Portfolio Holder consultation for contracts above £500,000 and Executive approval for contracts above £1 million. Members supported further consideration of lower thresholds but considered that the final proposals should be informed by benchmarking, the rationale for the thresholds and consideration of appropriate options.

6.1.4. The Audit and Governance Committee also requested a clear audit trail demonstrating how its comments had been considered. Officers agreed that, when the detailed Rules return to the Committee, a schedule would be provided setting out the points raised, the response or action taken and how each point had been addressed in the revised draft.

6.1.5. The Audit and Governance Committee requested that the detailed Contract and Procurement Procedure Rules return to the Audit and Governance Committee for further consideration before progressing through the remaining constitutional approval process.

6.1.6. The Constitution Sub-Committee is now invited to consider the proposed approach, structure and key governance thresholds, together with the comments and feedback from the Audit and Governance Committee and provide any further comments to inform the development of the detailed Contract and Procurement Procedure Rules.

6.1.7. The Local Government Association (LGA) Model Template for Standing Orders is out of date and still references EU procurement regulations, so it has not been used as a source of information.

6.2. Contract and Procurement Procedure Rules: Proposed Approach

- 6.2.1. Many current constitutional procurement and contract rules have evolved over a considerable period through incremental amendments in response to legislative changes, organisational requirements and local governance decisions. As a result, they can become lengthy, repetitive and difficult for officers to navigate, with related provisions dispersed across multiple sections.
- 6.2.2. New Standing Orders present an opportunity to create a fresh set of Contract and Procurement Procedure Rules to govern the procurement and management of contracts, rather than simply amending or combining existing documents from across the predecessor Councils in West Surrey.
- 6.2.3. It is recommended that the Contract and Procurement Procedure Rules for West Surrey are developed using a clear and logical structure that reflects the procurement and contract management lifecycle. This approach should guide officers through the end-to-end process, from the identification of a requirement and initial business planning, through procurement and contract award, to contract management, performance monitoring, modification and eventual contract expiry or renewal.
- 6.2.4. The Contract and Procurement Procedure Rules should focus primarily on governance, accountability, decision-making and assurance arrangements, whilst detailed operational processes, procedures and guidance and maintained separately within supporting procurement documentation. This will ensure that the Constitution remains concise, accessible and easier to maintain, whilst allowing operational procurement guidance to evolve in response to legislative changes and best practice without the need for frequent constitutional amendments.
- 6.2.5. The proposed drafting approach is therefore to:
 - a. Adopt a procurement and contract lifecycle-based structure rather than replicate the format of any individual authority;
 - b. Retain governance, delegation, approval and assurance requirements within the Standing Orders;
 - c. Remove detailed procedural content where it is more appropriately contained within supporting procurement guidance;
 - d. Incorporate best practice elements identified through the review and comparison of existing local authority standing orders;
 - e. Align the Standing Orders with current procurement legislation and associated governance requirements; and
 - f. Create a modern, user-focused document that supports consistent, compliant and proportionate procurement activity within the future authority.
- 6.2.6. This approach will provide a coherent constitutional framework for procurement activity whilst improving usability for officers and ensuring that

governance requirements are clearly understood at each stage of the procurement lifecycle.

- 6.2.7. A proposed structure is included in Annex 1: Proposed Procurement and Contract Procedure Rules Structure and Content Framework.

6.3. Procurement and Contract Procedure Rules: Governance Decisions

- 6.3.1. There are critical governance elements that must be agreed in order to draft the Contract and Procurement Procedure Rules, the key aspect being value thresholds that will dictate:
- a. What procurement route options can be used (e.g. 3 quotes, full tender etc)
 - b. Postholders authorised to undertake the procurement
 - c. The type of contract required
 - d. Postholder who must approve the contract award
 - e. Postholder who is authorised to sign the contract
- 6.3.2. ANNEX 2: Proposed Thresholds, routes to market, delegation of authority for contract award etc sets out initial proposals for these requirements. The thresholds proposed are based on the existing values for Surrey County Council, and approach proposed for the following reasons:
- a. The managers from the County Council transferred to the new unitary will be familiar with these threshold levels, and in addition therefore will be well placed to support embedding the discipline in the new organisation through training and awareness;
 - b. Procurement resource within the County Council is already strained at the existing thresholds. Reducing thresholds will therefore require either additional procurement resource or accept a slow-down in procurement activity;
 - c. Procurement capacity is already structured around the current threshold levels. Any reduction in those thresholds would increase the number of procurements requiring procurement team involvement, creating additional resource pressures, increasing administrative activity and potentially slowing the delivery of procurement projects unless additional capacity is provided.
 - d. Once existing District and Borough activity is aggregated to the new Unitary level, the volume of procurements that are above regulatory thresholds will significantly increase; and
 - e. Through an aggregation process that will drive budget efficiency post vesting day, expenditure predominately undertaken across the District and Borough Councils will result, in a greater proportion of procurement activity is expected to exceed regulatory and governance thresholds, increasing the volume of procurements

subject to formal procurement procedures and oversight requirements.

- 6.3.3. The proposed thresholds and associated governance arrangements are presented at this stage to seek Member comments and feedback. These will inform the development of the detailed Contract and Procurement Procedure Rules which will return through the formal approval process.

7. Consultation

- 7.1. The proposed approach to developing these sections of the Standing Orders have been developed in collaboration with Officers from the Procurement and Finance LGR workstreams, Shadow Authority Interim Statutory Officers and related stakeholders.
- 7.2. The development of Standing Orders is not considered something that should be subject to public consultation.
- 7.3. Consultation was undertaken with the relevant Executive Portfolio Holder and Chair of the Audit and Governance Committee prior to consideration of the high-level principles by the Audit and Governance Committee.
- 7.4. The Audit and Governance Committee considered the proposed approach, structure and key governance thresholds at its meeting on 3 September 2026 and provided comments and feedback to inform the further development of the Contract and Procurement Procedure Rules.
- 7.5. The Constitution Sub-Committee is now being asked to provide its comments and feedback before the detailed Contract and Procurement Procedure Rules are developed for the next stage of Member consideration.

8. Key Risks

- 8.1. The principal risk is that West Surrey Council does not have a comprehensive set of Finance Procedure Rules and Contract and Procurement Procedure Rules in time for Vesting Day, which would put it in contravention of Section 151 of the Local Government Act 1972. This would create a legal and governance risk and could impact the Council's ability to maintain appropriate controls over procurement and contract management.
- 8.2. In addition, there is various legislation relating to procurement activity, in particular the Procurement Act 2023 and the Public Services (Social Value) Act 2012, that govern how local authorities procure goods, services and works. Failure to have robust Contract and Procurement Procedure Rules in place for Vesting Day would increase the risk of non-compliant procurement activity.
- 8.3. These risks can be best mitigated by continuing to develop the Contract and Procurement Procedure Rules in accordance with the approach set out in this

report and ensuring that the Rules progress through the required governance process in sufficient time for adoption before Vesting Day.

9. Options

- 9.1.** Not to provide comments or feedback, which would mean that the Sub-Committee's views are not taken into account.

10. Issues for Consideration

10.1. Financial Implications

- 10.1.1.** There are no direct financial implications arising from the proposed action. However, the proposed documents are important for maintaining compliance with financial and procurement regulations, and ensuring the new unitary authority has sufficient controls and governance to minimize the risk of financial loss. This will ensure that value for money is embedded as a core value of the new authority and maximise value for money.
- 10.1.2.** There may be financial and value for money implications should the authority elect to set financial thresholds different to those proposed, for example reducing the proposed thresholds would require increased resources to deliver the procurement pipeline so would have to be considered against the value for money of doing so.

10.2. Section 151 Officer Commentary

- 10.2.1.** West Surrey will operate in a very challenging financial environment, with significant budgetary pressures and limited financial resources from 2027/28 (Vesting Day), coupled with increasing demand and costs of services, and reducing government funding. West Surrey Council will be increasingly reliant on Council Tax as the primary source of income.
- 10.2.2.** Decisions made by the sovereign councils in West Surrey and the West Surrey Shadow Authority will need to consider the ongoing financial impact and ensure that expenditure does not exceed the resources available. It is vital that significant importance is placed on effective financial management and medium-term financial sustainability to deliver a balanced budget going forwards and protect service delivery.
- 10.2.3.** Procurement & Contract Procedure Rules underpin the organisations governance around purchases and contract management and it is critical we have those rules in place before vesting day to enable that governance to be set.
- 10.2.4.** Councils are legally obliged to comply with the Procurement Regulations and need robust procurement & contract standing orders in place to ensure this.

- 10.2.5. All officers of the Council are required to sign up to the constitution and are bound by the procedure rules.

10.3. Legal Implications

- 10.3.1. Section 9P of the Local Government Act 2000 requires a local authority to prepare, maintain and keep up to date its constitution, including its standing orders and procedure rules. In addition, section 135 of the Local Government Act 1972 requires local authorities to make standing orders for contracts for the supply of goods, materials or the execution of works, including provisions securing competition and regulating the way tenders are invited.
- 10.3.2. The proposed approach suggested in this report will support compliance with the Procurement Act 2023, the Procurement Regulations 2024. The Procedure Rules should be drafted so that they are in line with the wider constitution, financial procedure rules, officer delegations and decision-making arrangements, and so that they provide a clear framework for lawful, transparent, proportionate and accountable procurement and contract management.
- 10.3.3. Failure to adopt Contract and Procurement Procedure Rules before Vesting Day would increase the risk of non-compliant procurement activity, unlawful or procedurally defective contract awards, challenge by suppliers, delay to service delivery, reputational damage and potential financial exposure.

10.4. Monitoring Officer Commentary

- 10.4.1. Adoption of robust Contract and Procurement Procedure Rules by the Shadow Authority into the West Surrey Council Constitution, provides clarity for members, officers and the public, upholds a robust governance framework, ensures compliance with legislation and goes to the heart of the Council's Best Value Duty.

10.5. People/Human Resources Implications

- 10.5.1 The proposed Procurement and Contract Procedure Rules do not create any immediate staffing restructure or direct employment decision. However, effective implementation will require officers across the new authority to understand and apply the new governance requirements, including the procurement lifecycle, approval thresholds, delegations, contract management responsibilities and standards of conduct. This will need to be supported by clear guidance, training and communications for budget holders, contract managers and officers involved in procurement activity. Further people implications, including any impact on roles, responsibilities or procurement capacity, will be considered as the detailed rules, supporting

guidance and implementation arrangements are developed ahead of vesting day.

10.6. Equality and Diversity Implications

- 10.6.1. There are no equality impacts arising directly from this report. However, the council's equality duty and equality impacts are considered in relation to each individual procurement or applicable financial transaction undertaken.

10.7. Climate Change and Sustainability Implications

- 10.7.1. There are no climate change and sustainability impacts arising directly from this report. However, sustainability and related considerations will be taken at the time any applicable individual procurement or financial transaction undertaken.

10.8. Stakeholders Implications

- 1.1.1. None anticipated

11. Overview & Scrutiny Comments

- 1.2. Not applicable

12. List of Appendices

ANNEX 1: Proposed Procurement and Contract Procedure Rules Structure and Content Framework

ANNEX 2: Proposed Thresholds, routes to market, delegation of authority for contract award etc

13. List of Background papers

None