

West Surrey Shadow Authority		
Report title: West Surrey Constitution: Procurement and Contract Procedure Rules		
Report to: Audit and Governance Committee Constitution Working Group Standards Committee		
Date: Audit & Governance Committee - 29 th October 2026 Constitution Working Group – 29 th October Standards Committee – 2 nd November 2026		
Executive Portfolio Holder: Cllr Victoria Kiehl and Cllr Leslie Rice		
Report of Vicky Radford, Interim Chief Finance Officer (s151 Officer)		
Report author(s): Anne Epsom, AD Procurement Policy & Operations, LGR Procurement and Contract Theme - Governance Workstream Lead		
Wards affected: ALL Ward councillors informed: No		
Exempt from publication: Annex 1- Internal Thresholds Data Analysis – should be exempt from publication under regulation 3 of Schedule 12A of the Local Government Act 1972 as it relates to the financial or business affairs of the predecessor councils.		
Key Decision: No	If a Key Decision, date registered on Forward Plan: N/A	
Report cleared for publication by:		
People Workstream	Shella Smith	19 October 2026
Equalities Impact Assessment complete	N/A	N/A
Senior Responsible Officer (or their delegate)	Terry Collier	16 October 2026
S151 Officer	Vicky Radford	21 October 2026
Monitoring Officer	Susan Sale	21 October 2026
Executive Portfolio Holder consultation	Cllr Victoria Kiehl Cllr Leslie Rice	ongoing

Committee Chair consultation	Cllr Matt Furniss Cllr Richard Wilson	ongoing
Head of Paid Service	Andy Brown	21 October 2026

1. Executive Summary

- 1.1.** This report presents the final draft of the Procurement and Contract Procedure Rules (“PCPRs”, or “Rules”) section of the new constitution for West Surrey Council.
- 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 new unitary West Surrey Council operates, makes decisions, and handles its governance. It is therefore essential that the unitary authority of West Surrey Council establishes new Procurement and Contract Procedure Rules ahead of Vesting Day on 1st April 2027.
- 1.3.** The PCPRs set out how the Council authorises and manages expenditure and resulting commercial and other contracts with other organisations.
- 1.4.** The final PCPRs are due to be agreed by the West Surrey Shadow Authority, on a recommendation from the Standards Committee early in the New Year.

2. Recommendations:

2.1 It is recommended that the Audit and Governance Committee

- 2.1.1** Considers the proposed Procurement and Contract Procedure Rules, as attached at appendix 2 to this report, and proposes any amendments, comments or feedback, to be taken into account by the Constitution Working Group and Standards Committee;

2.2 It is recommended that the Constitution Working Group

- 2.2.1** Considers the feedback from the Audit & Governance Committee and approves the proposed Procurement and Contract Procedure Rules, as attached at appendix 2 to this report, and recommends them to the Standards Committee for recommendation to the Shadow Authority;

2.3 It is recommended that the Standards Committee:

- 2.3.1** Resolves to recommend the proposed Procurement and Contract Procedure Rules, as amended by the Constitution Working Group, to the West Surrey Shadow Authority for approval and adoption

into the West Surrey Council Constitution with effect from Vesting Day.

2.3.2 Delegates authority to the West Surrey Monitoring Officer to amend the Procurement and Contract Procedure Rules, in line with the resolution of the Standards Committee, and make any other minor and administrative amendments necessary.

3. Reason(s) for recommendation:

3.1. It is a legal requirement for the new West Surrey Council to have an approved Constitution in time for Vesting Day, including standing orders or procedure rules governing Procurement and Contract matters.

4. Next steps

4.1. Audit and Governance Committee - 29th October 2026

4.2. Constitution Working Group – 29 October 2026

4.3. Standards Committee - 2 November 2026

4.4. Shadow Authority meeting – date to be confirmed

4.5. The proposed Procurement and Contract Procedure Rules were discussed by the Audit and Governance Committee on 29 October 2026 and their feedback is summarised in appendix 3 to this report.

4.6. The proposed Procurement and Contract Procedure Rules were considered and discussed by the Constitution Working Group on 29 October 2026 and they took into account the feedback from the meeting of the Audit and Governance Committee earlier the same day.

The Constitution Working Group agreed to recommend the Procurement and Contract Procedure Rules, as set out in appendix 2 to this report with one amendment, to the Standards Committee. The amendment is to reflect the procedure that the contract value for which an overspend triggers a return to Executive for approval of contract award be lowered from £5million to £2.5million.

5. Exemption from publication

5.1. Annex 1 of this report is exempt from publication as it discloses information relating to the financial or business affairs of the predecessor councils.

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 constitutional procedures for the procurement and management of contracts. This presents an opportunity to create a new set of procedures rather than simply amend or combine existing documents from across the County (“SCC”) and District and Borough (“D&B”) organisations.

6.1.2. The Proposed approach to the development of the Procurement and Contract Procedure Rules (PCPRs) was discussed by the Audit and Governance Committee and the Constitution Sub-Committee on 17 September 2026¹. Combined feedback from this body, Statutory Officers and Procurement and related stakeholders is summarised and responded to as follows:

- **Include a Glossary:** A list of definitions has been included in Appendix 1 of the PCPRs.
- **Be clear on scope, regulations, principles (including value for money):** Sections 1, 2 and 4 of the PCPRs cover these requirements.
- **Exemptions:** Position earlier in the document and provide comprehensive details. Consider inclusion of Grants. Section 3 of the PCPRs includes details of exemptions and what rules apply instead. Grants are considered outside the scope of Procurement and are covered instead in the Finance Procedure Rules.
- **Strengthening of contract management:** Make sure contract management responsibilities are clear, strengthen the provisions, and ensure a dedicated contract manager for significant contracts. Comprehensive contract management requirements are covered in sections 11-13 of the PCPRs, including the requirement to have a named contract manager, adhere to the Contract Management Framework, and provide performance monitoring reports where required.
- **Ethical Procurement:** Feedback included suggestions of separate sections for social value and climate change, how and what should be considered, monitoring, should requirements be set out in separate policies. Section 7 entitled “Social Value, Environmental Sustainability and Ethical Procurement and Supply Chains” covers a broad range of ethical procurement considerations. Grouping these together has the advantage of presenting all ethical considerations together, with sub-sections clearly calling out the separate policy matters and appearing in the table of contents. In respect of each policy area:
 - **Social Value:** The PCPRs reference the Social Value Model, an outcomes-focused methodology based on best practice, with

¹ [West Surrey Constitution: Contract and Procurement Procedure Rules](#)

outcomes currently aligned with the County Council strategic priorities. At the earliest opportunity, the outcomes reflected in the model will be updated to reflect the strategic priorities of either each new unitary authority (resulting in two models) or at the county level (if the most relevant priorities are instead set by the Foundation Strategic Authority). Further work will be required post-vesting to refine the model or models, as directed.

References are also made to the Social Value Policy, evaluation approach and minimum weightings, reporting against delivery plans and other requirements to help the delivery of social value.

– **Climate Change and Environmentally Sustainable**

Procurement: the section highlights key aspects of, and refers to, the Environmentally Sustainable Procurement Policy, and states that all procurements must make appropriate inclusions such as specifications, tender questions, KPIs etc to deliver environmental benefits covering:

- Climate Change Mitigation and Adaptation;
- Prevention of Pollution;
- Sustainable Resource Use and Consumption; and
- Protection and Restoration of Biodiversity.

– **Modern Slavery and Ethical Supply Chains:** requires Officers to have due regard to the risk of modern slavery, human trafficking and unethical labour practices within authority supply chains. Includes appropriate due diligence to be undertaken to mitigate the risk of exploitative practices.

- **Thresholds:** Options of thresholds to support a decision by Members. Include benchmarking to establish appropriate thresholds and rationale. Annex 1 sets out data analysis undertaken to assess options for the internal threshold – i.e. the value of contract above which Procurement must lead the work. The proposed PCPRs in Annex 2 of this paper have been drafted on the basis of the recommended Option 1 (internal threshold of £100K) in section 9 of this paper, but adjustments can be made should a different internal threshold be selected.
- **Local Government Reorganisation (LGR) considerations:** Consideration of whether additional inclusions required to deal with matters arising from LGR. Section 15 of the PCPRs sets out some LGR related matters. Things that will be included in the Inter-Authority Agreement (IAA) have not been included to avoid risk of duplication/divergence from that critical contract.
- **Legal involvement:** Ensure it is clear when legal get involved in the process and to what level of detail. Sections 13.3 and 13.4 reference legal involvement, with more detail pending in the related How to Buy Guide. The governance table in appendix 3 of the PCPRs further sets out when legal must be involved in contract drafting and signing.

- **Further approvals:** Be clear when these are required, for example project overruns, contract modifications, scope creep etc alongside cost changes. These are set out in various relevant places, e.g. section 5 and 13 and in the Governance Tables found in appendix 3 of the PCPRs.

6.2. Internal Threshold for Procurement Involvement and Other Governance Decisions

6.2.1. One of the most important decisions to make in respect of the PCPRs is the contract value above which Procurement must undertake procurement activity. Annex 1 to this paper sets out analysis undertaken to consider different internal thresholds using the following information:

- **Benchmarking:** Thresholds used by a range of authorities of varying sizes.
- **Contract Volumes:** Estimates of contract / procurement project volumes for the two new unitary councils at different value thresholds.
- **Resource levels:** Comparison of staffing levels and current work volumes vs. the threshold options.

6.2.2. The conclusion of the data analysis in Annex 1, in combination with the options appraisal set out in section 9 below, is that an internal threshold of £100,000 is recommended. This would apply to goods, works and services, and also Light Touch procurements, with procurement undertaking all contracts procured using the Provider Selection Regime, and also any concessions contracts.

6.2.3. There are however some risks and concerns with an internal threshold of £100k, namely:

- **Visibility and savings opportunities:** The lack of visibility of activity below £100k limits the ability to aggregate contracts and achieve savings in this large volume of contracts.
- **Level of process change:** That the existing County and some District and Borough services staff are not familiar with undertaking procurement work, where existing internal thresholds may be lower.
- **Oversight and regulatory compliance:** It could be challenging to satisfy The Procurement Act 2023 (“PA23”) publishing requirements and considerations for convertible procurements (where, by way of extension or modification, a contract originally below the regulatory threshold is pushed above that threshold), amongst other things, where there is no visibility, oversight or control over procurement activity below £100k.

6.2.4. It is therefore proposed that arrangements for Procurement oversight of procurements between £25,000 and £100,000 are established. Greater visibility of planned procurement activity in this range would support the identification of aggregation opportunities, efficiencies and other value-for-money benefits and aid in detecting non-compliance, whilst avoiding the resource implications of requiring Procurement to lead all such procurements. To achieve this, the PCPRs include the following requirements in respect of contract values between £25,000 and £100,000 (section 10.6 of the PCPRs):

- Procurement must be informed of the intention to procure prior to the commencement of the procurement exercise;
- Procurement must approve procurements before they proceed;
- Procurement reserve the right to call in any procurement for review to ensure that it is following all appropriate regulations, and may, in exceptional circumstances, step in and take over the procurement process to be run within the procurement team;
- Procurement may refer the purchase to be undertaken by Procurement where it has been identified as an opportunity for aggregation or financial opportunities (cost saving);
- The Service must run the procurement on the e-sourcing platform applicable at the time of the procurement, (with LGR transition arrangements in place where they do not have such access);
- The Service is responsible for ensuring any notices required under PA23 are published in time and to sufficient quality, and for informing Procurement that this has occurred; and
- The Service is responsible for ensuring all internal system records relating to the procurement and the contract are made and maintained and can provide an appropriate audit trail.

6.2.5. Other key governance points are set out in Appendix 3 of the PCPRs (which are in Annex 2 of this paper). That governance table covers the following key matters:

- Procurement Route Options
- Who must authorise Approval to Procure
- Procurement Process
- Type of Contract Required
- Who must approve Contract Award prior to commencement
- Who signs the contract on the Council's behalf

6.3. The Procurement Hosted Shared Service Model and Local Government Reform Considerations

- 6.3.1. Earlier discussion with Members of both East and West Surrey Shadow Executives considered the matter of the Procurement hosted shared service model and any related implications for the PCPRs, with the following being a summary of those discussions:
- It would be advantageous for both unitary authorities to share the same internal thresholds, given the similar size of both organisations, the basis that internal thresholds should be established by way of data analysis and benchmarking, and that resources will be shared across East and West unitary authorities. Having materially different thresholds would risk impacting the credibility of, and arguments for, the shared service model, and may require differing financial contributions to the service to reflect different resource requirements.
 - That having as identical as possible set of narrative rules would be appropriate, given the need for procurement officers to operate across the new authorities, and that the rules have been developed based on what is considered best practice.
- 6.3.2. The document and governance tables have been constructed to reflect the above, but also to facilitate the adoption of different thresholds in the new authorities in due course, as their insertion into an appended table would make the differences easy to identify.
- 6.3.3. Given each unitary authority is an independent organisation, they could each review the body of the rules over time and adopt changes that reflect adjusted priorities and/or practices across the two as the organisations mature.

7. Consultation

- 7.1. The PCPRs have been developed in collaboration with Officers from the Finance and Procurement LGR workstreams, Shadow Authority Interim Chief Officers and related stakeholders, and based on feedback from Members.
- 7.2. The development of the PCPRs is not considered something that should be subject to public consultation.

8. Key Risks

- 8.1. The principal risk is that the Council does not have a comprehensive set of PCPRs in time for Vesting Day, which would put it in contravention of Section 151 of the Local Government Act 1972.
- 8.2. In addition, there is various legislation relating to procurement activity, in particular the and 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 PCPRs in place in time for vesting day would put the authority's ability to comply with this legislation at risk.

- 8.3.** These risks can be best mitigated by engaging in any activity to refine the proposed PCPRs and supporting their process through the democratic process.
- 8.4.** The risks associated with the proposed PCPRs having an internal threshold of £100,000 is discussed, alongside with proposed mitigations, in the body of this paper.

9. Options

- 9.1.1. The following options were considered for the internal threshold:

PCPR Option 1: Set an internal threshold of £100,000 (ex VAT), requiring the Procurement Service to lead all procurements above this value.

Advantages

- Aligns with authorities of comparable size, as demonstrated by the benchmarking in Annex 2;
- Focuses Procurement resource on the more risky and complex activity;
- Allows a degree of flexibility and freedom in respect of procuring lower value contracts
- Is likely to be achievable with the existing level of resources (from the county and District and Boroughs).
- It is possible to mitigate much of the advantages noted below.

Disadvantages

- The lack of visibility of activity below £100k reduces the ability to aggregate contracts and achieve savings in this group of contracts.
- That the existing county and some District and Borough services staff are not familiar with undertaking procurement work, where existing internal thresholds may be much lower
- It could be challenging to satisfy Procurement Act 2023 (PA23) requirements (e.g. transparency reporting, convertible procurements) where there is no visibility, oversight or control over procurement activity below £100k.

Reason Recommended

All the data analysis in Annex 1 points to £100k being the right level to set the internal threshold. The disadvantages can be mitigated through:

- Implementing a mechanism to provide visibility, oversight and control of procurement activity for contracts valued between £25-£100k.
- Allowing Procurement to take over procurements where savings opportunities and/or non-compliance suggest an advantage in doing so.
- Training services staff and providing transitional arrangements where for example staff from previous County Directorates where not accustomed to doing their own procurement.

PCPR Option 2: Set an internal threshold of £25,000 (ex VAT) requiring the Procurement Service to lead all procurements above this value.

Advantages

- Procurement Service would have a high degree of visibility and control of procurement activity.

Disadvantages

- Would result in a huge volume of activity for the Procurement Service, almost doubling the workload per resource based on current County Council levels.
- Would either result in a significant slowing of procurement activity, and limiting the ability of the service to deliver the savings and aggregation LGR is intended to achieve, and/or require a significant increase in the resource levels – and therefore also budget – for the Procurement Service.
- Does not focus Procurement expertise where there is greater opportunity for value add.
- Many colleagues in the existing District and Boroughs are accustomed to undertaking their own procurement and much higher levels, requiring a significant change to systems and processes for previously agile activity.

Reason Not Recommended

Benchmarking data suggests it would be very unusual for authorities of the size of East and West Surrey Authorities to set a threshold this low. The anticipated volumes of contracts at this level would be far too high for existing Procurement resources to deliver.

PCPR Option 3: Set a variable internal threshold for procurement team involvement

Advantages

- Could mitigate some of the disadvantages of option 2 above

Disadvantages

- Is not considered best practice
- Would introduce a lot of ambiguity into the PCPRs and therefore provide too much scope for non-compliance

Reason Not Recommended

Considered not robust enough and poor practice.

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 procurement activity 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. Procedure rules ensure good governance and are in place to provide controls for the Council as well as complying with legislation. They are proposed at levels officers feel will be workable whilst providing controls. They can and will be reviewed post vesting day once the adequacy of the levels proposed are tested.

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 There are no direct staffing or employment implications arising from the approval of the proposed Procurement and Contract Procedure Rules. Their implementation will, however, change responsibilities for some officers, particularly where services will be required to undertake procurement activity below the £100,000 internal threshold. Clear guidance, training and access to appropriate systems will therefore be required so that officers understand their responsibilities and have the capability to comply with the new arrangements. The impact on workloads and capacity within both services and the Procurement hosted shared service should be monitored during implementation, with any material changes to roles or working arrangements managed through the Council's usual people management and consultation processes.

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, and references to equality and diversity policies are written into the PCPRs.

10.7 Climate Change and Sustainability Implications

- 10.7.1 There are no direct climate change and sustainability impacts arising directly from this report. However, the proposed PCPRs do set out requirements for considering these matters at the time of any given procurement and so, accordingly sustainability and related considerations will be made at the time any applicable individual procurement or financial transaction is undertaken.

10.8 Stakeholders Implications

- 1.1.1 None anticipated

11 Overview & Scrutiny Comments

- 1.2 Not applicable

12 List of Appendices

ANNEX 1: Internal Thresholds Data Analysis (Exempt)

ANNEX 2: Procurement and Contract Procedure Rules

ANNEX 3: Feedback from the West Surrey Shadow Authority Audit and Governance Committee of 29 October 2026 and Constitution Working Group of 29 October 2026.

13 List of Background papers

West Surrey Audit & Governance Committee, 2 September 2026.

West Surrey Constitution Sub-Committee, 17 September 2026, Constitution: Contract and Procurement Procedure Rules: [West Surrey Constitution: Contract and Procurement Procedure Rules](#)

Regulatory procurement Thresholds: [Guidance: Thresholds \(HTML\) - GOV.UK](#)