

Formalisation of Future Transport Zone (FTZ) procurement and payment approaches

Tim Forrester (FTZ Programme Manager) - October 2021

Decision Requested:

It is requested that the following approval is made by the Solent FTZ Programme Board:

To recognise the updated governance roles of LA partners and to approve the proposed approach in relation to procurement and payment of contracts associated to the delivery of the FTZ programme

Background

At the Solent Transport Joint Committee meeting on 5th October 2020 a paper titled 'Solent Future Transport Zone: Proposed Governance Arrangements' was submitted for approval. This document set out the proposed governance arrangements associated with the delivery of the FTZ programme and the recommendations within it were approved by the board and have subsequently been implemented.

The key approvals granted being:

- That the Committee approves as an exception to the on-going agreed arrangements for Solent Transport's financial management support, that the financial management and accounting role for the Future Transport Zones (FTZ) funding be delegated to Southampton City Council (SCC) to reflect the location of the programme of work and the lead role of SCC in developing and signing off the bid
- That Members agree to delegate authority to make further changes to the programme as required by the evolving circumstances, including changes to project funding allocations, to the Solent Transport Manager after consultation with the Solent FTZ Steering Group and Programme Board
- That governance of the Solent FTZ programme is implemented via the structures and approach set out
- That general operational management and within-budget spend decisions of the FTZ be delegated to the Solent Transport Manager with regular periodic review by the Solent Transport Solent FTZ Steering Group, Programme Board and regular oversight by Joint Committee

While these approvals defined the role of SCC as lead authority on behalf of the Solent Transport FTZ programme, other LTA partners (primarily PCC) have since taken on a significant role in the procurement and payment of specific contracts related to FTZ delivery. Whilst the above approvals are adequate and no new powers are required, Solent Transport is operating and procuring across multiple authorities' finance and procurement departments. As such these LTA departments have asked for further clarity on rights to procure for, and enter into, contracts on behalf of Solent transport in relation to the FTZ.



Solent already have sign off procedures within Southampton City Council, in terms of cabinet delegation and Section 155 authority Senior Responsible Officer approval for these procurements, but as this is a cross authority procurement it was considered desirable to also secure approval from Solent Transport Joint Committee.

Purpose of this Paper

This paper is intended to formalise FTZ Programme Board approval for permissions associated with procurement and payment activity in relation to the delivery of the Solent FTZ programme. It seeks to rationalise previously approved board paper decisions and define additional roles and responsibilities to provide further financial assurances and clarity to LTA partners involved in these activities on behalf of the Solent Transport Partnership.

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Formalising current working arrangements and payment mechanism approach:

Solent Transport are actively using PCC Procurement and PCC Legal for the delivery of the majority of contracts as part of the FTZ programme. Solent Transport and PCC Procurement have established strong working relationships, including with PCC Legal who are involved in the development of all contract terms.

In order to streamline the contracting process, PCC Procurement develop contracting and tendering strategies on a project-by-project basis in collaboration with Solent Transport, and in accordance with its own Contract Procedure Rules and appetite for risk. As a result, PCC are acting as the Contracting Authority (entering into contracts on behalf of Solent Transport) and are therefore taking on the contractual, operational and financial risk.

Where PCC are not best placed to act as the Contracting Authority, for example because a scheme will operate solely within the jurisdiction of another authority, or where risk can be more effectively mitigated by another party, the role of Contracting Authority will be adopted by the most appropriate party. On behalf of Solent Transport, PCC will then either act as Procurement Agent or will provide advice and guidance where appropriate (for example where the Contracting Authority uses PCC's Dynamic Purchasing System).

Payment mechanism approach:

Where a partner LTA (this primarily relates to PCC as the main contracting authority, but can equally apply to other Solent Transport LTA partners as required) acts as the Contracting Authority and holds the contract on behalf of Solent Transport, this LTA also becomes responsible for payment of supplier invoices. In order to provide the designated contracting authority with the financial assurance it requires to ensure it does not enter into contracts it does not hold the budget for, a mechanism of funds transfer is proposed.



To formalise current working processes, it is proposed that as required, Solent Transport instruct SCC (as the accountable body and holder of the FTZ grant funding) to raise Purchase Orders for LTA partner/s (PCC, IoW, HCC) on a project-by-project basis to cover expected supplier costs.

Once received, the contracting LTA will then issue a Purchase Order to the supplier; and in-turn invoice SCC in advance of making payment to the supplier in accordance with the payment schedules agreed as part of the contract. Payment to suppliers will be released on receipt of a compliant invoice (to be confirmed by the Contract Manager), by necessary approval within LTA.

This arrangement provides assurance for LTAs that contractual obligations can be met and ensures SCC and Solent Transport can maintain financial oversight of all projects.

