

Arun District Council

REPORT TO:	Constitution Working Party – 16 November 2023
SUBJECT:	Constitution Amendments – Finance Group
LEAD OFFICER:	Antony Baden – Group Head of Finance and Section 151 Officer
LEAD MEMBER:	Cllr Gillian Yeates
WARDS:	N/A
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is essential that the Constitution is up-to-date and operationally effective in order to support all strategic aims of the Council.	
DIRECTORATE POLICY CONTEXT: The Monitoring Officer is responsible for maintaining the Constitution and for ensuring that it is widely available for consultation by councillors, officers and the public.	
FINANCIAL SUMMARY: There are no direct financial implications arising from the proposals in this report.	

1. PURPOSE OF REPORT

- 1.1 To propose changes to the council's constitution in relation to Contract Standing Orders to improve operational practices and efficiency of procurement activity.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Constitution Working Party recommends to Full Council that the Contract Standing Orders be amended as set out in this report.

3. EXECUTIVE SUMMARY

- 3.1 This report requests that the Constitution Working Party recommends to Full Council that the council's Contract Standing Orders (CSOs – Constitution Part 6, Section 4, Para 4.2) be amended in relation to the thresholds at which point the Procurement Service at Hampshire County Council are consulted. This change would allow for the procurement process to be more agile, in some cases allowing for a contract to be awarded much quicker, subject to the usual approval mechanisms. It is important to note that the proposed changes do not preclude lower value contracts being subject to a tender process, should that be the preferred route.

4. DETAIL

4.1 The Council's Constitution (Part 6, Section 4) includes regulations regarding procurement decisions, known as 'Contract Standing Orders'. These direct commissioning officers through the process to ensure the safeguarding of the council's reputation relating to the spending of public money, achieving value for money, fairness in awarding contracts, complying with legislation, and supporting the council's strategies and policies.

4.2 The Constitution sets out a series of financial thresholds which determine what procurement activity needs to take place and when, as follows:-

Estimated Contract Value	Number of Tenders to be invited
Below £1,000	Obtain a single written quote, where possible from a local contractor
£1,000 to £10,000	Ensure value for money by inviting at least 2 written quotes, one of which should be from a local contractor if possible
£10,001 to £50,000 (Contact Procurement)	Ensure value for money by Inviting at least 3 contractors to submit written quotations, one of which should be local, if possible or use of an appropriate framework agreement or dynamic purchasing system.
£50,001 to UK Threshold (Contact Procurement)	Formal tender process following appropriate advertisement or use of an appropriate framework agreement or dynamic purchasing system.
Above UK Threshold (Contact Procurement)	Formal process as set out in the Public Contracts Regulations 2015 or use of an appropriate framework agreement or dynamic purchasing system

4.3 These thresholds are set by us and have been in place, largely, for several years during which time we have seen the costs of materials, services etc rise considerably. As a consequence, contract values have increased in line with inflation. However, due to the existence of the above thresholds, effectively 'smaller' contracts are being referred to Procurement.

4.4 It is proposed that we increase the threshold at which we refer to our procurement support service at Hampshire County Council from the existing threshold of £10,001 to a higher threshold of £100,001. The revised thresholds would therefore be as follows:-

Revised Values	Number of Tenders to be invited
Below £1,000	Obtain a single written quote, where possible from a local contractor
£1,000 to £10,000	Ensure value for money by inviting at least 2 written quotes, one of which should be from a local contractor if possible
£10,001 to £100,000	Ensure value for money by Inviting at least 3 contractors to submit written quotations, one of which should be local, if possible or use of an appropriate framework agreement or dynamic purchasing system.
£100,001 to UK Threshold (Contact Procurement)	Formal tender process following appropriate advertisement or use of an appropriate framework agreement or dynamic purchasing system.
Above UK Threshold (Contact Procurement)	Formal process as set out in the Public Contracts Regulations 2015 or use of an appropriate framework agreement or dynamic purchasing system

- 4.5 It is important to note that, even if we do increase this threshold as proposed, lower value contracts can still be put out to tender if, for example, the market is unknown, or it relates to a potentially contentious or unpopular project.
- 4.6 We are also making more use of frameworks and Dynamic Purchasing Systems (DPS) which offer protection against challenges.
- 4.7 The raising of this threshold would allow for the procurement process to be more agile – in some cases allowing for a contract to be awarded much quicker, subject to the usual approval mechanisms. It would also relieve the support service provided by Hants CC as they could focus on larger projects/contracts which need supporting.

5. CONSULTATION

- 5.1 This proposal was considered by the Corporate Management Team at their meeting on 4 July 2023, and achieved their support. The Procurement team at Hampshire County Council suggested these changes so have their full support.

6. OPTIONS / ALTERNATIVES CONSIDERED

- 6.1 To not change the thresholds as proposed and remain as is. This would have implications on officer workload and the speed of delivery of procurement matters.

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

7.1 The proposals in this report will lead to a more streamlined and effective procurement function. It will not impact increase the Council's costs nor will it adversely impact the value for money currently obtained from contracts.

8. RISK ASSESSMENT CONSIDERATIONS

8.1 None.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

9.1 The Constitution Working Party has the responsibility for monitoring and reviewing the operation of the constitution to ensure the aims and principles of the constitution are given full effect. The Working Party makes recommendations to Full Council in relation to any proposed amendments to the Constitution.

10. HUMAN RESOURCES IMPACT

10.1 None

11. HEALTH & SAFETY IMPACT

11.1 None

12. PROPERTY & ESTATES IMPACT

12.1 None

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 Not applicable.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.1 None

15. CRIME AND DISORDER REDUCTION IMPACT

15.1 Not applicable.

16. HUMAN RIGHTS IMPACT

16.1 Not applicable.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.1 Not applicable.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

[Constitution January 2023](#)