

MAIDSTONE BOROUGH COUNCIL

COUNCIL

18 JULY 2018

REPORT OF THE DEMOCRACY COMMITTEE HELD ON 2 JULY 2018

**PROPOSED CHANGES TO THE CONSTITUTION – FINANCIAL AND
CONTRACT PROCEDURE RULES**

Issue for Decision

At its meeting of 2 July, the Democracy Committee considered changes to the financial and contract procedure rules in the Council's Constitution. The changes sought to simplify the Contract Procedure Rules to improve compliance and manage procurement risk. The changes to the Contract Procedure rules gave rise to a number of consequential changes to the Financial Procedure Rules. These changes are outlined in Appendices 1 and 2 to the report to the Democracy Committee.

At its meeting, the Democracy Committee resolved the following:

1. That the revised wording and incorporation of flow charts into the Financial and Contract Procedure Rules of the Constitution, as detailed in Appendices 1 and 2 to the report of the Head of Commissioning and Business Improvement, be accepted.
2. That the level for sealing of contracts for non-construction projects be increased to £1m unless the Head of Mid-Kent Legal Services deems that a non-construction contract for a lower amount requires execution under seal.
3. That the requirement for a procurement risk assessment at £10k be removed.
4. That the increased emphasis on contract formulation and signing before commencement of service be agreed.
5. That delegated authority be given to the Head of Mid-Kent Legal Services to review the proposed revisions and incorporate appropriate changes to the Constitution to ensure that works, goods and services are appropriately commissioned and to undertake a cross-referencing exercise with other sections of the document, including the Scheme of Delegations, to ensure compliance with legislative requirements and consistency, prior to Council approval.
6. That the Audit, Governance and Standards Committee be asked to make provision in its work programme to monitor training on and compliance with

the revised Financial and Contract Procedure Rules, including the Purchasing Guide.

At the meeting, the word 'works' was added into resolution 5. Therefore following the meeting the proposed financial and contract procedure rules have been updated with the word 'works' added in to the relevant sections. The amended procedure rules with the addition showed in tracked changes can be found in Appendix 2.

The cross referencing exercise referred to in resolution 5 has been carried out and no further changes are required to the Council's constitution as a result of the changes recommended by the Committee.

Reasons for Recommendation

Simplifying the Financial and Contract Procedure Rules will improve compliance and help to manage procurement risk.

Recommendations Made

That the revised wording (as detailed in Appendices 1 and 2) and flow charts are agreed for incorporation into the Financial and Contract Procedure Rules in the Constitution.

Background Documents

Report to Democracy Committee 2 July 2018

Appendix 1: Proposed amendments to Financial and Contract Procedure Rules

Appendix 2: Proposed new Contract Procedure Rules