

To: City Executive Board
Date: 14 April 2016
Report of: Head of Law & Governance
Title of Report: Review of the Executive Scheme of Delegation – Financial Thresholds for Contract Award and Tendering

Summary and recommendations	
Purpose of report:	To consider whether the Executive Scheme of Delegation should be amended to increase the thresholds beyond which City Executive Board approval is needed for contract awards and for tenders to be submitted by the Council.
Key decision:	No
Executive Board Member:	Councillor Bob Price - Corporate Strategy and Economic Development Councillor Ed Turner - Finance, Public Health and Asset Management
Corporate Priority:	Efficient and effective council
Policy Framework:	None
Recommendation(s): That the City Executive Board resolves to:	
<ol style="list-style-type: none"> 1. Approve an increase to the threshold at which the decision to accept a tender must be made by the City Executive Board from £500,000 to £1,000,000; 2. Delegate to the relevant Executive Director, in consultation with the statutory officers and the relevant Board member, the decision to accept a tender of a value between £500,000 and up to £1,000,000; 3. Delegate to the relevant Executive Director, in consultation with the statutory officers, the decision to submit a tender with a value of up to £500,000; and 4. Delegate to the relevant Executive Director, on confirmation that a tender submitted by the Council, with a value up to £500,000, is successful, the decision to enter into an agreement to deliver the services. 	

Introduction and background

1. The Council's Constitution sets out those decisions which must be made by the City Executive Board. The financial limits for the award of contracts and the limits for the submission of tenders by officers have been reviewed in the light of recent activity and found to be too restrictive.

Contract Award Threshold

2. The Constitution currently provides that the City Executive Board must approve the acceptance of tenders with a value of £500,000 or over. It is proposed that it is increased so that the City Executive Board must approve the acceptance of tenders with a value of £1,000,000 or over. The relevant Executive Director will, in consultation with the statutory officers and the relevant Board member, approve the acceptance of a tender with a value greater than £500,000 but less than £1,000,000. This will require a consequential amendment to the Constitution which will be reported to Council in April.

Limits for Submission Tender

3. The Trading Strategy approved by the City Executive Board on 21st September 2011 provides that the limit up to which the relevant Strategic Director may approve the submission of a tender by the Council is up to £100,000. Any tender submitted with a value greater than £100,000 currently has to be approved by the City Executive Board. This has created difficulties when there has been a short timeframe between the submission of a tender and the required commencement of the work. Raising the financial limit would reduce the administrative steps required, aid the speed of response and potentially increase the work available to the Council. The City Executive Board will approve the submission of any tender with a value of £500,000 or over with the relevant Executive Director approving sums below this.

Financial implications

4. There is a balance to be struck between the appropriate level of procedures to be put in place to ensure appropriate internal control within an organisation, compared to the administrative burden that such procedures bring. An emphasis on either can lead to inefficiencies.
5. There is evidence to suggest that the current levels of authorisation for both procurement of supplies and services and the tendering for works by the Council need to be increased, especially with the Council needing to be more "fleet of foot" when bidding for external work to support its Medium Term Financial Strategy.
6. Raising the threshold for the tendering for external works will inevitably bring with it some additional risk since budgeted income and expenditure is likely to increase to accommodate the cost of the works. However the expectation is that income will exceed the cost and the proposed officer delegation in conjunction with statutory officers will ensure that this is adequately monitored.

Legal issues

7. The Constitution will be amended to reflect the delegations made by the City Executive Board. The executive scheme of delegation is the only part of the Constitution which may be amended by the City Executive Board.

Level of risk

8. There are no risks arising directly from this report. There are controls in place to manage the possible risks that may arise as future decisions are made in line with the amended Scheme of Delegation.

Equalities impact

9. There are no equalities impact issues arising from this report.

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Background Papers: None

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