



Audit & Governance Committee
29 January 2021

Council execution of Contracts – Procurement Rules

Purpose of the report:

This report recommends to Committee that the Council's procurement rules in the constitution are amended to remove the need to affix the seal of the Council when executing contracts over the value of £500k.

Recommendations:

It is recommended that:

1. The Committee agrees to recommend to Council that paragraph 2.7.a of the Council's procurement rules be amended at column I (contracts over £500k and over £1 million) from "Over £500k: Sealed as a deed via Legal Services" to "Over £500k: executed by authorised signatory in legal services or by seal as determined by Legal Services"

Introduction:

The Council requires the seal to be used to execute contracts over £500k. This process is not legally required and can be streamlined to provide a more efficient and effective way of working.

Recommended Changes to Procurement Rules

2. The Council's procurement rules specify at para 2.7.a the requirements for the tendering and completion of all Council contracts (attached at appendix 1). Contracts over the value of £500k are required to be sealed as a deed by legal services.
3. This requires that all contracts over 500k are produced in hard copy and a physical seal is affixed at the Council's offices, witnessed by an

authorised officer in legal services. The contracts are entered in a register with a reference to the authority relied on to enter into the contract. This procedure has been used on hundreds of contracts in the last year with the copying and courier costs and attendance by the team each week at County Hall.

4. There is no legal requirement to execute a contract as a deed by affixing a seal. The contracts can be validly executed by an authorised signature on the Council's behalf. The signature can be electronic, and the document does not need to be agreed as a hard copy.
5. It is recommended that the Council's procurement rules are amended at para 2.7.a to provide that contracts over £500k are "executed by legal services by an authorised signatory or by seal as determined by Legal Services". The systems in legal services for the execution of contracts will remain unchanged with a check on authority required being carried out and a record kept in the register of documents executed.
6. This amendment will mean documents can be executed by either hard copy or electronic signature and will not require access to the Council's sealing machine providing a more cost effective and agile process.

Financial and value for money implications

7. There are no financial implications further to the reduced copying and courier costs referred to in the report.

Equalities and Diversity Implications

None

Risk Management Implications

8. The systems to check authority to enter into contracts and the recording of the execution of the contracts will be unchanged from the current arrangements.

Next steps:

If approved the Committee's recommendation will be reported to Council on the 9th February for decision.

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Sources/background papers: None