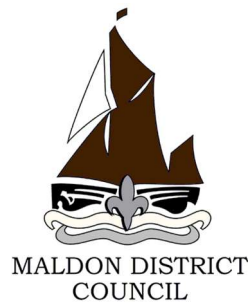


**Document Control Sheet**

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**Validity Statement**

This document is due for review by the date shown above, after which it may become invalid. Users of the strategy or policy should ensure that they are consulting the currently valid version of the document.



# **MALDON DISTRICT COUNCIL**

## ***Contract Procedure Rules***

**Approved by Council February 2021**

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All costs stated in these contract procedure rules are exclusive of VAT, Staff **costs** and fees. Terms appearing in the definitions appendix are ***italicised***.

## A BRIEF GUIDE TO CONTRACT PROCEDURE RULES

These contract procedure rules (issued in accordance with section 135 of the 1972 Local Government Act) are intended to promote good purchasing practice and public accountability and deter corruption. Following the rules is the best defence against allegations that a purchase has been made incorrectly or fraudulently.

*Officers* responsible for purchasing or disposal must comply with these contract procedure rules when undertaking Procurement on behalf of the Council. Council employees and third-party service providers have a duty to report breaches of Contract Procedure Rules to an appropriate senior manager and the Monitoring Officer.

These rules apply to all relevant contracts.

These rules apply to Officers and Members.

The Chief Finance Officer may make minor changes to these Contract Procedure Rules.

Minor changes are defined as:

- Changes in statutory framework, such as references to new or updated legislation
- Changes in titles, names or terminology
- Changes consequential to other constitutional changes already made.

For the purposes of these rules, where there is a requirement for communication to be in writing, this shall be electronically via email or the Councils e-tendering solution where required.

- Follow the rules if you purchase goods or services or order building work.
- Take all necessary legal, financial, and professional advice.
- Declare any personal financial interest in a contract. Corruption is a criminal offence.
- Conduct any *Best Value* review and appraise the purchasing need.
- Check whether there is an existing *Corporate Contract* you can make use of before undergoing a competitive process.
- Keep bids confidential.
- Complete a written contract or council order before the supply or works begin.
- Identify a contract manager with responsibility for ensuring the contract delivers as intended.
- Keep records of dealings with suppliers.
- Assess each contract afterwards to see how well it met the purchasing need and *Value for Money* requirements.

## SECTION 1: SCOPE OF CONTRACT PROCEDURE RULES

### 1. BASIC PRINCIPLES

All purchasing and disposal procedures must:

- Ensure value for money and propriety in spending of public money; be consistent with the highest standards of integrity
- consider all necessary procurement, legal, financial and professional advice
- Comply with all legal requirements and these rules
- Ensure that the Council is not exposed to unnecessary risk and likelihood of challenge arising from non-compliant procurement activity
- Consider and incorporate necessary health and safety, inclusion and diversity, and safeguarding children and vulnerable adults' requirements.
- Not be influenced by Non-Commercial considerations other than those permitted by law.
- Comply with the Council's Procurement Strategy.
- Support the council's corporate and departmental objectives, plan and policies

### 2. OFFICER RESPONSIBILITIES

#### 2.1 Officers

- 2.1.1 *Officers* responsible for purchasing or disposal must comply with these contract procedure rules, *Financial Regulations*, the Code of Conduct and with all UK binding legal requirements. *Officers* must ensure that any *Agents*, *Consultants* and contractual partners acting on their behalf also comply.

All officers should undertake procurement in a manner which avoids any potential conflicts of interest.

- 2.1.2 *Officers* must:

- *Obtain all appropriate authorisations and check that appropriate budget provisions exist before procurement*
- Have regard to the guidance in the *Purchasing Guidance*
- Check whether a suitable *Corporate Contract* exists before seeking to let another contract; where a suitable *Corporate Contract* exists, this must be used unless there is an auditable reason not to keep the records required by Rule 6
- Take all necessary Procurement, legal, financial and professional advice.

- 2.1.3 When any employee either of the authority or of a service provider may be affected by any transfer arrangement, *Officers* must ensure that the Transfer of Undertaking (Protection of Employment) (*TUPE*) issues are considered and obtain legal advice before proceeding with inviting *Tenders* or *Quotations*.

## 2.2 Directors

### 2.2.1 *Directors* must:

- Ensure that their staff comply with Rule 2.1 Keep registers of: Contracts Completed by signature, rather than by the council's seal (see Rule 15.3)
- Arrange their safekeeping on council premises exemptions recorded under Rule 3.2.
- Ensure that where exemptions are obtained under section 3 that they are recorded and stored.

## 3. EXEMPTIONS, COLLABORATIVE AND E-PROCUREMENT ARRANGEMENTS

- 3.1 The council has the power to waive any requirements within these contract procedure rules for specific projects
- 3.2 Where a proposed contract is likely to exceed the *UK Threshold*, *Directors* have no delegated powers, and the matter has to be determined by the council (see Rule 3.1). No exemption can be used if the *UK Procedure* applies unless in extreme cases of urgency and with Legal advice.
- 3.3 Where an exemption is necessary because of an unforeseeable emergency involving immediate risk to persons, property or serious disruption to council services, the *Officer* and the *Chief Finance Officer* may jointly approve the exemption but they must prepare a report for the next Strategy and Resources Committee to support the action taken.
- 3.4 All exemptions, and the reasons for them, must be recorded using the form in the *Purchasing Guidance*. Exemptions shall be signed by the *Officer* and countersigned by the *Chief Finance Officer* and where appropriate the Chairman of the Strategy and Resources Committee.
- 3.5 The *Lead Specialist Procurement* must be consulted prior to commencing any procurement process using Crown Commercial Services Contracts. The terms and conditions of contract applicable to any CCS arrangement, including the requirement to undertake competition between providers, must be fully complied with.
- 3.6 *Financial Officers* must monitor the use of all exemptions.
- 3.7 In order to secure *Value for Money*, the authority may enter into collaborative procurement arrangements. The *Officer* must consult the *Chief Finance Officer* and the *Monitoring Officer* where the purchase is to be made using collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.
  - 3.7.1 All purchases made via a local authority purchasing consortium are deemed to comply with these contract procedure rules, and no exemption is required. However, purchases above the *UK Threshold* must be let under the *UK Procedure*, unless the consortium has satisfied this requirement already by letting their contract in accordance with the *UK Procedures* on behalf of the authority and other consortium members.
  - 3.7.2 Any contracts entered into through collaboration with other local authorities or other public bodies, where a competitive process has been followed that complies with the

contract procedure rules of the leading organisation, will be deemed to comply with these contract procedure rules, and no exemption is required. However, advice must be sought from *the Lead Specialist Procurement*.

- 3.8 The use of e-procurement technology does not negate the requirement to comply with all elements of these contract procurement rules, particularly those relating to competition and *Value for Money*.

#### 4. RELEVANT CONTRACTS

- 4.1 All *Relevant Contracts* must comply with these contract procedure rules. A *Relevant Contract* is any arrangement made by, or on behalf of, the authority for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- The supply or disposal of goods;
- The hire, rental or lease of goods or equipment;
- The delivery of services, including (but not limited to) those related to:
  - The recruitment of staff
  - Financial and Consultancy Services
  - Legal Services

- 4.2 ***Relevant Contracts do not include:***

- Contracts of employment which make an individual a direct employee of the authority, or
- Agreements regarding the acquisition, disposal, or transfer of land (for which *Financial Regulations* shall apply).
- Contracts for retention of legal Counsel, or the appointment of expert witnesses in legal proceedings.

- 4.3 **Contract Value Calculation**

- Contract value means the estimated aggregate or recurring value payable in pounds sterling inclusive of Value Added Tax over the entire contract period including any extensions of the contract.
- Where the contract term without fixed length the estimated value of the contract should be calculated by monthly value of spend multiplied by 48 in accordance with The Public Contracts Regulations 2015.
- Contracts must not be artificially underestimated or disaggregated into two or more separate contracts where the effect is to avoid the application of Contract Procedure Rules or English Law.
- Where a framework agreement is planned the contract value must be calculated to include the total value of all of the individual contract arrangements envisaged under the Framework Agreement.

- 4.4 **Extensions and Variations**

- Contracts may only be extended or varied if all of the following conditions have been met;
- The extension or variation is in accordance with the terms and conditions of the existing contract;

- The contract has not been extended before the extension or variation has an approved budget allocation;
- For advice regarding acceptance thresholds for contract extensions and variations please contact the Director of Resources.

## SECTION 2: COMMON REQUIREMENTS

### 5. STEPS PRIOR TO PURCHASE

- 5.1 The *Officer* must appraise the purchase, in a manner commensurate with its complexity and value and taking into account any guidance in the *Purchasing Guidance*, by:
- Taking into account the requirements from any relevant *Best Value* review appraising the need for the expenditure and its priority defining the objectives of the purchase.
  - Assessing the risks associated with the purchase and how to manage them considering what procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, partnering, packaging strategy and collaborative procurement arrangements with another local authority, government department, statutory undertaker or public service purchasing consortium.
  - Consulting users as appropriate about the proposed procurement method, contract standards and performance and user satisfaction monitoring.
  - Drafting the terms and conditions that are to apply to the proposed contract setting out these matters in writing if the *Total Value* of the purchase exceeds £50,000
- 5.2 and by confirming that:
- There is Council or delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation as set out in the *Constitution*

### 6. RECORDS (ACQUISITIONS AND DISPOSALS)

- 6.1 Where the *Total Value* is greater than £500 but less than £50,000, the following records must be kept:
- Invitations to quote and *Quotations*;
  - A record:
    - of any exemptions and the reasons for them;
    - of the reason if the lowest price is not accepted.
  - Written records of communications with the successful contractor or an electronic record if a written record of the transaction would normally not be produced.
- 6.2 Where the *Total Value* exceeds £50,000 the *Officer* must record:
- The method for obtaining bids (see Rule 8.1);
  - Any *Contracting Decision* and the reasons for it;
  - Any exemption under Rule 3 together with the reasons for it;
  - The *Award Criteria* in descending order of importance;
  - *Tender* documents sent to and received from *Candidates*;

- Pre-tender market research;
- Clarification and post-tender negotiation (to include minutes of meetings);
- The contract documents;
- Post-contract evaluation and monitoring;
- Communications with *Candidates* and with the successful contractor throughout the period of the contract.

6.3 Records required by this rule must be kept for six years after the end of the contract. However, written documents which relate to unsuccessful *Candidates* may be electronically scanned or stored by some other suitable method after 12 months from award of contract, provided there is no dispute about the award.

## 7. ADVERTISING, APPROVED LISTS AND FRAMEWORK AGREEMENTS

### 7.1 Identifying and Assessing Potential Candidates

7.1.1 *Officers* shall ensure that, where proposed contracts, irrespective of their *Total Value*, might be of interest to potential *Candidates* located in other member states, a sufficiently accessible advertisement is published.

7.1.2 Generally, the greater the interest of the contract to potential bidders from other member estates, the wider the coverage of the advertisement should be. Examples of where such advertisements may be placed include:

- The council's website
- The Council's e-tendering solution
- Portal websites specifically created for contract advertisements such as 'Contracts Finder' and 'Find a Tender'

7.1.3 *Officers* are responsible for ensuring that all *Candidates* for a *Relevant Contract* are suitably assessed. The assessment process shall establish that the potential *Candidates* have sound:

- Economic and financial standing;
- Technical ability and capacity to fulfil the requirements of the authority.

### 7.2 Approved Lists

The Council does not as a rule agree the use of Approved Lists. Where the use of an approved list may be required, you should seek guidance from the Lead Specialist Procurement. a full business case and Director level approval must be obtained, prior to appointing an approved list.

### 7.3 Framework Agreements

7.3.1 The term of a *Framework Agreement* should not exceed four years without appropriate justification and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.

7.3.2 Contracts based on *Framework Agreements* may be awarded by either:

- applying the terms laid down in the *Framework Agreement* (where such terms are sufficiently precise to cover the particular call-off) without reopening competition, or
- where the terms laid down in the *Framework Agreement* are not precise enough or complete for the particular call-off, by holding a mini competition in accordance with the following procedure:
- inviting the organisations within the *Framework Agreement* that are capable of executing the subject of the contract to submit written *Tenders*;
- fixing a time limit which is sufficiently long to allow *Tenders* for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract;
- awarding each contract to the tenderer who has submitted the best *Tender* on the basis of the *Award Criteria* set out in the specifications of the *Framework Agreement*.

## SECTION 3: CONDUCTING PURCHASE AND DISPOSAL

### 8. COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS

The *Officer* must calculate the *Total Value* over the term of the contract including any extensions.

The following procedures apply where there are no other procedures which take precedence. Other procedures may include agency agreements with government. If in doubt, *Officers* must seek the advice of the Lead Specialist Procurement.

#### 8.1 Purchasing – Competition Requirements

- 8.1.1 Where the *Total Value* for a purchase is within the values in the first column below, the *Award Procedure* in the second column must be followed. *Sign off to award* shall be done by the persons specified in the third column.

Total Value	Award Procedure	Approval to Award
Up to £5,000	At least one and preferably up to three <i>Quotations</i> . (confirmed in writing where the <i>Total Value</i> exceeds £500)	<i>Officer</i>
£5,001 to £50,000	The Receipt of minimum three written <i>Quotations</i>	<i>Line Manager</i>
£50,001 to UK Threshold	Obtain at least three tenders following advertisement by public notice on the Councils e-tendering solution	<i>T2 Manager/ Director</i>
Above UK Threshold	Public Contracts Regulations apply full competitive process with tenders following full advertisement on 'Find a Tender'	<i>Line Manager/T2 Manager/Director</i>

- 8.1.2 An *Officer* must not enter into separate contracts nor select a method of calculating the *Total Value* in order to minimise the application of these contract procedure rules.
- 8.1.3 Where the *UK Procedure* is required, the *Officer* shall consult the *Lead Specialist Procurement* to determine the method of conducting the purchase.

## **8.2 Assets for Disposal**

- 8.2.1 Assets for disposal must be sent to public auction (including electronic auction sites such as eBay) except where better *Value for Money* is likely to be obtained by inviting *Quotations* and *Tenders*. (These may be invited by advertising on the council's internet site.) In the latter event, the method of disposal of surplus or obsolete stocks/stores or assets other than land must be formally agreed with the *Director of Resources*.
- 8.2.2 The *Chief Finance Officer* has the discretion to agree other methods for disposal of Assets up to a value of £5,000 in consultation with the relevant *Director*.
- 8.2.3 In the first instance surplus vehicles, plant and equipment should be offered to Parish Council's within the District at a fair price (sold as seen) agreed by the *Chief Finance Officer* in consultation with the relevant *Director*.

## **8.3 Providing Services to External Purchasers**

- 8.3.1 The *Chief Finance Officer* and *Financial Regulations and procedures* must be consulted where contracts to work for organisations other than the authority are contemplated.

## **8.4 Collaborative and Partnership Arrangements**

- 8.4.1 Collaborative and partnership arrangements are subject to all UK procurement legislation and must follow these contract procedure rules.
- 8.4.2 If in doubt, *Officers* must seek advice from the *Lead Specialist Procurement*.

## **8.5 The Appointment of Consultants to Provide Services**

- 8.5.1 Consultant architects, engineers, surveyors and other professional Consultants shall be selected, and commissions awarded in accordance with the procedures detailed within these contract procedure rules and as outlined below.
- 8.5.2 The *Officer* must produce suitable Terms of Reference (ToRs) setting out the scope of the assignment/study. This should be used to invite proposals from the Consultant[s]
- 8.5.3 The *Officer* must be satisfied that the fees and charges are reasonable and that appropriate procedures have been followed having regard to the type of work, prevailing market conditions and the particular knowledge or expertise of the consultant. Records of consultancy appointments shall be maintained in accordance with Rule 6.
- 8.5.4 All consultants used must have:
- performed satisfactory work of a similar nature within the previous two years, or provided satisfactory evidence of relevant work carried out for other similar organisations within the last three years;

- relevant specialist knowledge and experience which is likely to be of value to Maldon;
- Hold professional indemnity of a sufficient level to protect the Councils interest

8.5.5 Records of consultancy appointments shall be maintained in accordance with Rule 6

## 9. PRE-TENDER MARKET RESEARCH AND CONSULTATION

9.1 The *Officer* responsible for the purchase:

- May consult potential suppliers prior to the issue of the *Invitation to Tender* in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential *Candidate*
- Must not seek or accept technical advice on the preparation of an *Invitation to Tender* or *Quotation* from anyone who may have a commercial interest in them, if this may prejudice the equal treatment of all potential *Candidates* or distort competition, and should seek advice from the *Lead Specialist Procurement*

## 10. STANDARDS AND AWARD CRITERIA

10.1 The *Officer* must ascertain what are the relevant British, European or international standards which apply to the subject matter of the contract. The *Officer* must include those standards which are necessary properly to describe the required quality. The *Director* must be consulted if it is proposed to use standards other than UK standards.

10.2 The *Officer* must define *Award Criteria* that are appropriate to the purchase and designed to secure an outcome giving *Value for Money* for the authority. The award criteria must take into account:

- 'Lowest price' where payment is to be made by the authority;
- 'Highest price' if payment is to be received; or
- 'Most economically advantageous', where considerations other than price also apply.
- Savings over the life of the contract
- Sustainable Procurement
- Social Value
- The subject matter of the contract

Relevant considerations to the contract should also include service, quality of goods, running costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, after-sales services, technical assistance and any other relevant matters.

10.3 *Award Criteria* must not include:

- *Non-commercial Considerations*
- Matters which discriminate against suppliers or signatories to the *Government Procurement Agreement*.

## 11. INVITATIONS TO TENDER / QUOTATIONS

- 11.1 The *Officer* responsible must ensure they have the budget and appropriate approvals in place to commence the purchase. Where the value of the contract exceeds £50,000 then a tender process must be followed using the Councils nominated e-tendering portal. Guidance should be sought from the *Lead Specialist Procurement* as to the correct process to follow. All spend over £5000 is subject to the Transparency Agenda.
- 11.2 Where legally permissible the Council shall ensure that for purchases of a value of up to £50,000 that at least one SME/Local supplier is invited to quote or tender for suitable and relevant contracts. While there are no legislative timescales for return of quotes the deadline given to suppliers should be proportionate to the level of work expected for their submission. All documents and communications should be kept and where the lowest price is not accepted this must be recorded.
- 11.3 Once approval to proceed has been obtained by the necessary delegated authority (*Request for Quote procedure note*) the process should include the following:
- (a) Details of the requirement must be completed on an RFQ template and include a specification of requirement.
  - (b) Identify potential suppliers, (a minimum of 3 must be invited to quote) set a deadline for return of quotes, evaluate all returns, and select supplier.
  - (c) Document the reasons for your choice and gain approval to award (see 8.1.1)
  - (d) Once all suppliers have been notified of the outcome, all documentation/evidence and approval to award must be recorded and updated on the contracts register.
  - (e) Manage the contract in line with the Contract Management guidance
- 11.4 Where Contracts are of a type and value which means that they are subject to the UK Rules then there are five main types of procedures available. These are the Open and Restricted the Competitive Dialogue, Competitive Procedure with Negotiation and the Innovative Partnership. In the vast majority of cases the Open and Restricted procedures will be chosen the other procedures are generally used for more complex contracts. *Officers* should obtain guidance on the best route from the Lead Specialist Procurement.
- 11.5 All *Invitations to Tender* shall include the following:
- (a) A specification that describes the authority's requirements in sufficient detail to enable the submission of competitive offers.
  - (b) A requirement for tenderers to declare that the *Tender* content, price or any other figure or particulars concerning the *Tender* have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose).
  - (c) A requirement for tenderers to complete fully and sign all *Tender* documents including a form of *Tender* and certificates relating to canvassing and non-collusion.

- (d) Notification that *Tenders* are submitted to the council on the basis that they are compiled at the tenderer's expense.
  - (e) A description of the *Award Procedure* and, unless defined in a prior advertisement, a definition of the *Award Criteria* in objective terms and if possible in descending order of importance.
  - (f) All tender submissions should be via the Council's e-tendering solution.
  - (g) A stipulation that any *Tenders* submitted by fax or other electronic means shall not be considered with the exception of the Council's electronic tender portal.
  - (h) The method by which any arithmetical errors discovered in the submitted *Tenders* is to be dealt with. In particular, whether the overall price prevails over the rates in the *Tender* or vice versa.
- 11.6 All Invitations to Tender or Quotations must specify the goods, service or works that are required, together with the terms and conditions of contract that will apply (see Rule 15).
- 11.7 The Invitation to Tender or Quotation must state that the council is not bound to accept any Quotation or Tender.
- 11.8 All Candidates invited to Tender, or quote must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.
- 11.9 All tendering procedures including obtaining quotes from planning to contract award and signature, shall be undertaken in a manner so as to ensure that the following is secured
- (a) Sufficient time is given to plan and run the process
  - (b) Equal opportunity and equal treatment
  - (c) Openness and transparency
  - (d) Probity
  - (e) Outcomes which deliver sustainability, efficiency and cost savings (where appropriate).

#### 11.10 **Public Services Social Value Act (2012)**

The Council has a legislative duty to consider the social, economic and environmental benefits of the service being delivered at the pre-procurement stage by way of:

- How what is being procurement might improve the economic, social and environmental well-being of the Councils area and;
- How in conducting the process of procurement, it might act with a view to securing that improvement
- Prior to commencing a tender process guidance should be sort from Procurement with regard to Social Value requirements.

## 12. SUBMISSION, RECEIPT AND OPENING OF TENDERS/QUOTATIONS

- 12.1 Candidates must be given an adequate period in which to prepare and submit a proper quotation or tender, consistent with the complexity of the contract requirement.
- 12.2 All Tenders must be returned via the Council's e-tendering solution.
- 12.3 Tenders received by fax or other electronic means (e.g. email) must be rejected, unless they have been sought in accordance with an electronic tendering system

## 13. CLARIFICATION PROCEDURES AND POST-TENDER NEGOTIATION

- 13.1 Providing clarification of an Invitation to Tender to potential or actual Candidates or seeking clarification of a Tender, whether in writing or by way of a meeting, is permitted. However, discussions with tenderers after submission of a Tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post-tender negotiations) must be the exception rather than the rule. In particular, they must not be conducted in a UK Procedure where this might distort competition, especially with regard to price.
- 13.2 Post Tender negotiations within a UK Procedure can only be carried out where the correct procedure has been used and advertised with guidance from *Lead Specialist Procurement* and where necessary with *Legal advice*.
- 13.3 Where post-tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.

## 14. EVALUATION, AWARD OF CONTRACT, & DEBRIEFING CANDIDATES

- 14.1 Apart from the debriefing required or permitted by these contract procedure rules, the confidentiality of *Quotations*, *Tenders* and the identity of *Candidates* must be preserved at all times and information about one *Candidate's* response must not be given to another *Candidate*.
- 14.2 Contracts must be evaluated and awarded in accordance with the *Award Criteria*. During this process, *Officers* shall ensure that submitted *Tender* prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.
- 14.3 The arithmetic in compliant *Tenders* must be checked. If arithmetical errors are found they should be notified to the tenderer, who should be requested to confirm or withdraw their *Tender*. Alternatively, if the rates in the *Tender*, rather than the overall price, were stated within the *Tender* invitation as being dominant, an amended *Tender* price may be requested to accord with the rates given by the tenderer.
- 14.4 *Officers* may accept *Quotations* and *Tenders* received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules and, in respect of proposed contracts that are expected to exceed £250,000, the approval of the relevant Committee has been secured.

- 14.5 For tenders up to the UK threshold it is best practice to inform all tenderers of the intention to award and give unsuccessful tenderers an opportunity to request feedback on their submission. Only useful feedback needs to be provided. A 10-day standstill period shall not apply.
- 14.6 For all tenders over the UK Threshold a full debrief in writing must be given to all those *Candidates* who submitted a bid about the characteristics and relative advantages of the leading bidder. No information, other than the following, should be given without taking the advice of the Solicitor:
1. How the *Award Criteria* were applied
  2. The prices or range of prices submitted, in either case not correlated to *Candidates* names (anonymised) apart from the winning *Candidate*.
  3. Proposed winning *Candidates* name[s]
- 14.7 If a *Candidate* requests in writing the reasons for a *Contracting Decision*, the *Officer* must give the reasons in writing within 15 days of the request. the debriefing information at Rule 14.6 above should also be sent to *Candidates* who were deselected in a pre-tender *Shortlisting* process and not advised unsuccessful at that time.

## SECTION 4: CONTRACT AND OTHER FORMALITIES

### 15. CONTRACT DOCUMENTS

#### 15.1 Relevant Contracts

- 15.1.1 All *Relevant Contracts* that exceed £50,000 shall be in writing.
- 15.1.2 All *Relevant Contracts*, irrespective of value, shall clearly specify:
- what is to be supplied (i.e. the works, materials, services, matters or things to be furnished, had or done);
  - the provisions for payment (i.e. the price to be paid and when);
  - the time, or times, within which the contract is to be performed;
  - the provisions for the council to terminate the contract.
- 15.1.3 The council's order form (electronic order system) or standard terms and conditions issued by a relevant professional body must be used wherever possible.
- 15.1.4 In addition, every *Relevant Contract* of purchase over £50,000 must also state clearly as a minimum:
- that the contractor may not assign or sub-contract without prior written consent;
  - any insurance requirements;
  - health and safety requirements;
  - ombudsman requirements;
  - data protection Act 2018 (General Data Protection Regulation (GDPR) requirements, if relevant;
  - that charter standards are to be met if relevant;
  - race relations requirements;

- Disability Discrimination Act requirements;
- Freedom of Information Act requirements;
- where *Agents* are used to let contracts, that *Agents* must comply with the council's contract procedure rules;
- a right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant.

15.1.5 The formal advice of the *Lead Specialist Procurement* and where necessary Legal advice should be obtained must be sought for the following contracts:

- where the Total Value exceeds UK Threshold;
- those involving leasing arrangements;
- where it is proposed to use a supplier's own terms;
- those involving the purchase of application software with a Total Value of more than £50,000;
- those that are complex in any other way.

## 15.2 Contract Formalities

15.2.1 Agreements (Contracts and Orders) shall be completed as follows:

Total Value	Method of Completion	By
Up to £5,000	Electronic order	<i>Authorised buyer</i> (see Rule 15.2.3)
£5,001 to £50,000	Electronic order	<i>Authorised Buyer</i> approved by <i>Line Manager</i> (see Rule 15.2.3)
Above £50,001	Signature on written contract	<i>Director</i> (see Rule 15.2.3)

15.2.2 All contracts must be concluded in writing or by email before the supply, service or construction work begins.

15.2.3 The *Officer* responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

15.2.4 All contract documents must be placed in the central repository in accordance with *Financial Regulations*.

## 15.3 Sealing

15.3.1 Where contracts are completed by each side adding their formal seal, such contracts shall be signed in accordance with the Council's constitution.

15.3.2 Every council sealing will be consecutively numbered, recorded and signed by the person witnessing the seal.

15.3.3 A contract must be sealed where:

- the Council may wish to enforce the contract more than six years after its end;

- the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services.

## 16. BONDS AND PARENT COMPANY GUARANTEES

- 16.1 The *Officer* must consult the *Chief Finance Officer* about whether a *Parent Company Guarantee* is necessary when a *Candidate* is a subsidiary of a parent company and:
- the *Total Value* exceeds £250,000; or
  - award is based on evaluation of the parent company; or
  - there is some concern about the stability of the *Candidate*.
- 16.2 The *Officer* must consult the *Chief Finance Officer* about whether a *Bond* is needed:
- where the *Total Value* exceeds £250,000, or
  - where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the contract and there is concern about the stability of the *Candidate*.

## 17. PREVENTION OF CORRUPTION

- 17.1 The *Officer* must comply with the *Code of Conduct* and must not invite or accept any gift or reward in respect of the award or performance of any contract. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime under the statutes referred to in Rule 17.2 below.
- 17.2 The following clause **must** be put in every written Council contract:
- “The Council may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor’s behalf do any of the following things:*
- (a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Contractor does not know what has been done), or*
  - (b) commit an offence under the Prevention of Corruption Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972, or*
  - (c) commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members, contractors or employees. Any clause limiting the Contractor’s liability shall not apply to this clause.”*

## 18. DECLARATION OF INTERESTS

- 18.1 If it comes to the knowledge of a member or an employee of the authority that a contract in which he or she has a pecuniary interest as described in the Code of Conduct has been or is proposed to be entered into by the Council, he or she shall immediately give written notice to the Monitoring Officer. The Monitoring Officer shall report such declarations to the appropriate *Committee*.
- 18.2 The *Monitoring Officer* shall maintain a record of all declarations of interests notified by members and Officers

- 18.3 The Director of *Strategy, Performance and Governance* shall ensure that the attention of all *members* is drawn to the Council's Code of Conduct when taking office.

## SECTION 5: CONTRACT MANAGEMENT

### 19. MANAGING CONTRACTS

- 19.1 *Directors* in sponsoring departments are to name contract managers for all new contracts. All contracts must have a named council contract manager for the entirety of the contract.
- 19.2 Contract Managers must follow the procedures set out in the council's *Purchasing Guidance*.

### 20. RISK ASSESSMENT AND CONTINGENCY PLANNING

- 20.1 A business case must be prepared for all procurements with a potential value over the *UK Threshold*. Provision for resources for the management of the contract, for its entirety, must be identified in the business case.
- 20.2 For all contracts with a value of over £50,000, contract managers must:
- maintain a risk register during the contract period;
  - undertake appropriate risk assessments and for identified risks;
  - ensure contingency measures are in place.

### 21. CONTRACT MONITORING, EVALUATION AND REVIEW

- 21.1 All Contracts over the tender threshold of £50,000, and those deemed to be *High Risk, High Value or High Profile* must have robust and actionable KPIs (Key Performance Indicators) set prior to going to tender. KPIs are a measurable value that demonstrates how the contract is performing.

KPIs should be relevant to the specific contract and include a clear definition of how they link to an outcome, process, activity, or solution. The officer must keep records of KPI monitoring over the life time of the contract.

KPIs can include but are not limited to;

- performance;
  - compliance with specification and contract cost;
  - any *Value for Money* requirements;
  - user satisfaction and risk management.
- 21.2 All contracts which have a value higher than the *UK Threshold* limits, or which are *High Risk*, are to be subject to monthly formal review with the contractor. The review may be conducted quarterly if permitted.
- 21.3 For all contracts with a value higher than the *UK Threshold* limits, or which are *High Risk*, an annual report must be submitted to the relevant Committee.

- 21.4 The Council's approved *project management methodology* must be applied to all contracts deemed to be *High Risk*, *High Value*, or *High Profile*.
- 21.5 Where the *Total Value* of the contract exceeds £250,000, the *Officer* must make a written report to the relevant Committee evaluating the extent to which the purchasing need and the contract objectives (as determined in accordance with Rule 5.2) were met by the contract. This should be done normally when the contract is completed. Where the contract is to be re-let, a provisional report should also be available early enough to inform the approach to re-letting of the subsequent contract.

## DEFINITIONS APPENDIX

<b>Agent</b>	A person or organisation acting on behalf of the council or on behalf of another organisation.
<b>Approved Buyer</b>	<i>Officer</i> Designated by a <i>Director</i> who is authorised to generate electronic orders on behalf of the Council.
<b>Approved List</b>	A list drawn up in accordance with Rule 7.2.
<b>Award Criteria</b>	The criteria by which the successful <i>Quotation</i> or <i>Tender</i> is to be selected (see further Rules 10 and 11.2e).
<b>Award Procedure</b>	The procedure for awarding a contract as specified in Rules 8, 10 and 14.
<b>Best Value</b>	The duty, which Part I of the Local Government Act 1999 places on local authorities, to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness as implemented by the council. This terminology has now in many instances been superseded by <i>Value for Money</i> .
<b>Bond</b>	An insurance policy: if the contractor does not do what it has promised under a contract with the council, the council can claim from the insurer the sum of money specified in the bond (often 10% of the contract value). A bond is intended to protect the council against a level of cost arising from the contractor's failure.
<b>Candidate</b>	Any person who asks or is invited to submit a <i>Quotation</i> or <i>Tender</i> .
<b>Chief Finance Officer</b>	The Officer Designated Chief Finance Officer (Section 151 Officer) by the Council.
<b>Code of Conduct</b>	The respective codes regulating the conduct of Members and <i>Officers</i> ..
<b>Committee</b>	A Committee which has power to make decisions for the Council, for example a joint Committee with another local authority, but not the scrutiny Committee.
<b>Commissioning &amp; Procurement Strategy</b>	The document setting out the council's approach to commissioning and procurement, setting out key priorities for the next few years.
<b>Constitution</b>	The constitutional document approved by the council which: <ul style="list-style-type: none"> <li>• allocates powers and responsibility within the council and between it and others;</li> <li>• delegates authority to act to the <i>Committees</i>, and <i>Officers</i>;</li> <li>• regulates the behaviour of individuals and groups through rules of procedure, codes and protocols.</li> </ul>

<b>Consultant</b>	Someone employed for a specific length of time to work to a defined project brief with clear outcomes to be delivered, who brings specialist skills or knowledge to the role, and where the council has no ready access to employees with the skills, experience or capacity to undertake the work.
<b>Contracting Decision</b>	Any of the following decisions: <ul style="list-style-type: none"> <li>• composition of <i>Approved Lists</i>;</li> <li>• withdrawal of <i>Invitation to Tender</i>;</li> <li>• whom to invite to submit a <i>Quotation</i> or <i>Tender</i>;</li> <li>• <i>Shortlisting</i>;</li> <li>• award of contract;</li> <li>• any decision to terminate a contract.</li> </ul>
<b>Corporate Contract</b>	A contract let by the <i>Council</i> to support the council's aim of achieving <i>Value for Money</i> .
<b>Director</b>	One of three Directors responsible for operational delivery of services and designated as such in the <i>constitution</i>
<b>Director of Resources</b>	Director responsible for financial and procurement activities and internal audit
<b>UK Procedure</b>	The procedure required by the UK where the <i>Total Value</i> exceeds the <i>UK Threshold</i> .
<b>UK Threshold</b>	The contract value at which the UK public procurement directives apply.
<b>European Economic Area</b>	The members of the European Union, and Norway, Iceland and Liechtenstein.
<b>Financial Officer</b>	The most senior <i>Officer</i> representing the <i>Chief Finance Officer</i> or designated by him/her to provide financial advice to the <i>Director</i> .
<b>Financial Regulations and procedures</b>	The financial regulations and procedures outlining <i>Officer</i> responsibilities for financial matters issued by the <i>Chief Finance Officer</i> in accordance with the <i>Constitution</i> .
<b>Framework Agreement</b>	An agreement between one or more authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
<b>Government Procurement Agreement</b>	The successor agreement to the General Agreement on Trade and Tariffs. The main signatories other than those in the <i>European Economic Area</i> are the USA, Canada, Japan, Israel, South Korea, Switzerland, Norway, Aruba, Hong Kong,

	China, Liechtenstein and Singapore.
<b>High Profile</b>	A high-profile purchase is one that could have an impact on functions integral to council service delivery should it fail or go wrong.
<b>High Risk</b>	A high-risk purchase is one which presents the potential for substantial exposure on the council's part should it fail or go wrong.
<b>High Value</b>	A high-value purchase is where the value exceeds the UK <i>Threshold</i> values.
<b>Invitation to Tender</b>	Invitation to tender documents in the form required by these contract procedure rules.
<b>Key Decision</b>	Decisions that are defined as key decisions in the <i>Constitution</i> .
<b>Line Manager</b>	An <i>Officer</i> designated by a <i>Director</i> to exercise the role reserved to the Line Manager by the contract procedure rules, this will be a Level 2 Manager (i.e. managers that report directly to a Director).
<b>Members</b>	Persons currently elected to serve on the Council
<b>Monitoring Officer</b>	The <i>Officer</i> defined as such in the <i>Constitution</i>
<b>Nominated Suppliers and Sub-contractors</b>	Those persons specified in a main contract for the discharge of any part of that contract.
<b>Non-commercial Considerations</b>	<ul style="list-style-type: none"> <li>a) The terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces ('workforce matters').</li> <li>b) Whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only.</li> <li>c) Any involvement of the business activities or interests of contractors with irrelevant fields of government policy.</li> <li>d) The conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ('industrial disputes').</li> <li>e) The country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors.</li> <li>f) Any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees.</li> <li>g) Financial support or lack of financial support by contractors for any institution to or from which the</li> </ul>

authority gives or withholds support.

- h) Use or non-use by contractors of technical or professional services provided by the authority under the Building Act 1984 or the Building (Scotland) Act 1959. Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations to the extent necessary or expedient to comply with Best Value; or where there is a transfer of staff to which the Transfer of undertakings. (Protection of Employment) Regulations 1981 (*TUPE*) may apply.

<b>Officer</b>	The Officer designated by the Director to deal with the contract in question.
<b>Parent Company Guarantee</b>	<p>A contract which binds the parent of a subsidiary company as follows:</p> <ul style="list-style-type: none"> <li>• if the subsidiary company fails to do what it has promised under a contract with the council, the council can require the parent company to do so instead.</li> </ul>
<b>Procurement Strategy</b>	The document setting out the council's approach to procurement and key priorities for the next few years.
<b>Project Management Methodology</b>	The process set up by the Council to ensure that a project is executed in a disciplined and structured manor
<b>Purchasing Guidance</b>	The suite of guidance documents, together with a number of standard documents and forms, which supports the implementation of these Contract Procedure Rules. The guidance is available on the council's intranet.
<b>Quotation</b>	A quotation of price and any other relevant matter (without the formal issue of an <i>Invitation to Tender</i> ).
<b>Relevant Contract</b>	Contracts to which these contract procedure rules apply (see Rule 4).
<b>Resources Directorate</b>	The directorate of the Council that includes responsibility for discharging the Council's procurement responsibilities
<b>Service</b>	The services provided by the Council are currently broken down into three directorates, each under the responsibility of a <i>Director</i> .
<b>Solicitor</b>	Any Solicitor designated by the Council's Chief Executive or the Monitoring Officer.
<b>Supervising Officer</b>	The <i>Line Manager's</i> immediate superior.
<b>Tender</b>	A <i>Candidate's</i> proposal submitted in response to an <i>Invitation to Tender</i> .

<b>Total Value</b>	<p>The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal calculated as follows:</p> <ul style="list-style-type: none"> <li>(a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period.</li> <li>(b) where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 12 months.</li> <li>(c) where the contract is for an uncertain duration, by multiplying the monthly payment by 48.</li> <li>(d) for feasibility studies, the value of the scheme or contracts which may be awarded as a result.</li> <li>(e) for <i>Nominated Suppliers and Sub-contractors</i>, the total value shall be the value of that part of the main contract to be fulfilled by the <i>Nominated Supplier or Sub-contractor</i>.</li> </ul>
<b>TUPE</b> <b>(Transfer of Undertakings</b> <b>(Protection of Employment)</b> <b>Regulations 2006)</b> <b>(SI 2006 No.246)</b>	<p>Subject to certain conditions, these regulations apply where responsibility for the delivery of works or services for the authority is transferred from one organisation (e.g. private contractor, local authority in-house team) to another (e.g. following a contracting out or competitive tendering process) and where the individuals involved in carrying out the work are transferred to the new employer. These regulations seek to protect the rights of employees in such transfers, enabling them to enjoy the same terms and conditions, with continuity of employment, as existed with their former employer. Broadly, TUPE regulations ensure that the rights of employees are transferred along with the business.</p>
<b>Value for Money</b>	<p>Value for money is not the lowest possible price; it combines goods or services that fully meet your needs, with the level of quality required, delivery at the time you need it, and at an appropriate price.</p>