

Subject: Contract Standing Orders

Report to: Audit and Risk Committee

Date: 2nd February 2016

Report by: **Robert Read, Director of Housing and Neighbourhoods**

SUBJECT MATTER/RECOMMENDATIONS

The committee is asked to note the significant changes to the Contract Standing Orders and to endorse the adoption of the revised content.

1. INTRODUCTION/BACKGROUND

The previous version of the Council's Contract Standing Orders was endorsed and adopted in February 2014. There is a requirement to revised and update the contents of this document as necessary and at least on an annual basis. The Council's approach to procurement has developed over this time and there have also been some changes to legislation that have required incorporation.

In April 2015 the Council formed a Procurement Working Group to continue the development of good practice and a sub-group has worked extensively to ensure that this revised document is fit for purpose and that its adoption will both protect and enhance procurement outcomes for the organisation.

The internal audit 'Assurance Review of Procurement' in 2015 also supports the revision of the Contract Standing Orders. Many of the recommended actions will be achieved through the agreement of these revisions.

2. DETAILS OF REVISIONS

The following details the amendments and additions that have been incorporated into the updated Contract Standing Orders:

General points

- Sections have been developed and the document has been re-ordered to increase ease of use.
- The use of Approved Contractor lists has been removed in favour of Framework Arrangements and Dynamic Purchasing Systems. This provides increased transparency and competition.
- The requirement for specialist procurement advice to be sought has been included in instances where there is increased risk to the Council, for example where insufficient competition is available within an existing arrangement and where single tender action is planned.

Specific Changes

Para	Change
9	New Contract Development The requirement to complete a Procurement Plan has been included and a template for this is at Appendix E.
16	This section is new and introduces an updated and more appropriate method of identifying the most suitable procurement process to utilise. The new approach no longer relies on financial value alone but incorporates a wider risk assessment. This risk assessment is to be undertaken using the Matrix found at Appendix F
18	Pricing The previous assumption that pricing increases would be expected as a matter of course on an annual basis for contracts lasting more than 12 months has been removed and the requirement is now for contractors to provide evidence of increased costs and any increase will be limited within the contract terms.
20	Information to Potential Suppliers Amended to take into account the Council's new e-procurement system, through which all tender queries will be answered, providing an audit trail

	and transparency regarding the distribution of tender information.
24	<p>Supplier Selection</p> <p>Flexibility has been increased to include the seeking of alternative forms of evidence of financial capacity, following a risk assessment, this has been added to avoid discrimination against smaller or newer businesses.</p>
28	<p>EU Procedures</p> <p>This update includes the statutory changes adopted into the UK Public Contract Regulations in March 2015. The most significant of which being the enhancements to Dynamic Purchasing Systems and the introduction of the new 'Competitive with Negotiation' process and 'Light Touch Regime' together with the requirement to advertise all contracts valued over £25,000 on 'Contracts Finder'.</p>
29	<p>Receipt and Opening of Tenders</p> <p>Changes have been made to incorporate the receipt of electronic tenders rather than traditional envelopes, removing issues around late tenders or those carrying identification of the bidder's identity.</p>
30	<p>Tender Evaluation</p> <p>There is now a requirement to create a brief tender report prior to contract award in a standard template (Appendix G) and this may be used for approval purposes.</p>
35	<p>Clarification</p> <p>It has been necessary to re-word this section to remove any confusion with negotiation of pricing before contract award, which is not permissible under EU legislation and is not appropriate otherwise.</p>
36	<p>Form of Contract</p> <p>The requirement to retain a copy of the formal contract on the e-procurement system has been added.</p>
42	<p>Contract Management</p> <p>This is a new section and refers to designing the management of a contract according to the level of risk and is further supported by guidance that will be made available. Also included is the requirement for peer review of existing contracts.</p>
43	<p>Exit Strategy</p> <p>Another new section, including making provision within the contract to transfer data etc. upon the completion of a contract and to ensure that there is a process for capturing lessons learned throughout the contract term.</p>
46	<p>Waiver to procurement / single tender procedure</p> <p>This now includes a requirement to obtain a single tender in circumstances where competition is not available.</p>
B	<p>Appendix B – Procurement Authority Thresholds</p> <p>Changes have been made to reflect the introduction of risk assessments and the removal of the distinction between £5,000 to £15,000 contracts and</p>

	those that are valued up to £50,000. There is some additional flexibility for purchases below £5k
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3. RECOMMENDATIONS

Following the extensive consideration and review of the Council's Contract Standing Orders it is recommended that the revisions be incorporated and the document be endorsed and adopted into the Council's Constitution.

FINANCIAL IMPLICATIONS:

Improvements in financial control and streamlining of processes.

LEGAL IMPLICATIONS:

Increased clarity and internal governance reflecting legislative requirements.

EXECUTIVE BOARD OR DIRECTOR CONSULTATION:

EMT, s151 Officer, Deputy Monitoring Officer

Does this report raise any legal, financial, sustainability, equality, Crime and Disorder or Human Rights issues and, if so, have they been considered?	Issues	
	Legal	Yes, and taken into account
	Financial	Yes, and taken into account
	Risk	Yes, and taken into account
	Sustainability	Yes, and taken into account
	Crime and Disorder	No
	Human Rights	No
	Every Child Matters	No
	Equality	No
	EqIA Form completed	No

Great Yarmouth Borough Council

Contract Standing Orders

February 2016

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SECTION 1 – Context

1. Purpose

These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972. They do not provide guidelines on what is the best way to purchase works, supplies (goods) and services. They set out the minimum requirements to be followed. Further information and guidelines are set out in the Council's Procurement Guide.

The overall purpose of these Contract Standing Orders is threefold:

- a) to ensure probity, transparency and equality in the procurement of works, goods and services.
- b) to ensure the Council gets best value from its procurements.
- c) to protect those involved in the procurement process.

2. Scope

These Contract Standing Orders apply to all contracts for goods, services, works, concessions and capital projects undertaken by or on behalf of the Council with the exception of:

- a) the acquisition of any interest in land or property.
- b) the lending or borrowing of money.
- c) employment of an individual employee.
- d) the disposal of property (including any interest in land).
- e) the engagement of Counsel.
- f) the awarding of Grants to third sector organisations (see Appendix D).

For the purposes of this document a contract is defined as any circumstance where goods, services or works are acquired, and there is an understanding by both parties that payment will be made in exchange for this.

The scope of the procurement process is from the identification of a requirement through to the completion of any arrangement to fulfil that requirement, including the management of that arrangement and potentially the disposal of any products of the arrangement that are not required.

3. Authorities and controls

Procurement Authority is delegated by the Council to the Directors who may delegate to officers who have the necessary requirements in the course their normal duties. The Executive Management Team (EMT) takes a strategic role in procurement and is responsible for receiving reports and responding to audit requirements.

The role of Directors is to responsibly consider and approve or otherwise situations detailed in these Contract Standing Orders where there is an increase risk to the Council, including

circumstances where there is insufficient competition and where the value/risk of a contract is assessed as high.

The Role of Group Managers is to support the corporate regulations and procedures whilst ensuring that the both the spirit and the letter of the Contract Standing Orders are complied with. Also to involve the Director where a purchase is complex, requires special terms of contract, or contract extension, even when the requirement is within the buyer's delegated procurement authority.

Procurement authority is defined as the limit that the budget holder can spend within their budget authority with a single supplier. No commitment to purchase, contract, lease, hire, or rent goods, services or works on behalf of the Council can be made without appropriate budget authority and delegated procurement authority.

Budget Authority rests with the Budget Holder. All expenditure must have prior budgetary approval. A budget is approved when the Budget Holder has received approval through the budget process for the annual budget. However, the Budget Holder must follow the Council's standards for specific goods and services. For particular categories of expenditure technical experts, governance boards or teams are responsible for specifying products and services e.g. IT & stationery, and approval must be sought from these experts to procure alternative goods and services, or to use alternative sources of supply.

Budget authority permits the Budget Holder to authorise, sign or issue purchase orders or contracts, or make any other form of commitment to suppliers within the limits of their delegated authority and with due regard to these Contract Standing Orders.

Refer to Appendix B - Procurement Authority Thresholds

4. Segregation of duties

The activities relating to the contracting and procurement processes are segregated between the following phases:

- Purchase Order
- Commitment (contract signatory) / Authorisation
- Receipt
- Payment

Segregation of duties must exist between raising Purchase Orders and commitment of expenditure and also receipt and payment.

5. Officer conduct

a) Conflict of interests of officers

Officers employed by the Council must comply with Paragraph 5.4 of the Council's "Code of Conduct", relating to conflicts of interest.

b) Ethical procurement

Procurement should only be undertaken by officers adhering to the strictest professional standards. The Council recognises the Chartered Institute of Procurement & Supply (CIPS) Code of Conduct¹ as the appropriate standard.

6. Audit requirements

All Budget Holders must be aware that their procurement actions will be subject to Internal and External Audit examination, to ensure that procurement is carried out in a proper and business-like manner and in strict adherence to the Council's Contract Standing Orders.

Decisions on procurement actions must be recorded on file to provide an acceptable audit trail. This is particularly important in respect of:

- The Procurement Plan.
- Clarification and contract reviews as part of contract management.
- Full tender documents including a record of evaluation processes that will be held on the e-procurement system.

These are the most important examples; the list is neither exhaustive nor exclusive. If a Budget Holder is ever in doubt about whether facts need to be recorded, it is advisable to err on the side of caution and record them.

It is equally important to note that recording of facts in these circumstances should not be excessive. Records should be sufficient to give a reasonably easily understood picture of events to someone reading them for the first time and to assist others to explain the reasoning behind decisions.

SECTION 2 – Procurement Options

7. Existing contracts

Where a Contract has been awarded it must be used for all requirements that relate to that contract. A detailed contracts register will be maintained by the Council and made available for all Budget Holders to access on the e-Procurement system, which is also publicly available.

The Council and its contracted Suppliers make a considerable investment in negotiating and preparing contracts and when a contract has been awarded to a contractor it must be honoured. To place purchase orders / contracts with alternative suppliers other than the contract holder may frustrate the contract and open the Council to expensive litigation.

On the exceptional occasions where a Budget Holder feels that better value can be obtained from sources alternative to those that have been awarded a Council contract, approval to use those alternatives must be first obtained from the Group Manager and the appropriate Director before awarding a competing contract for similar requirements.

¹ <https://www.cips.org/aboutcips/CIPS-Code-of-Conduct/>

8. Framework Arrangements

In this Standing Order, a Framework Agreement is a formal tendered arrangement which sets out terms and conditions under which specific purchases can be made throughout the term of the agreement. The appropriate Budget Holder may procure supplies, services or works from the successful framework tenderer(s) in unpredicted quantities at various times during the period that the agreement is in force. For this purpose, a Framework Arrangement may be internal i.e. set up by the Council, or external i.e. set up by GPS, ESPO or some other Consortium, association or similar body of which the Council is a member or party. Consideration must be given as to whether the Council could achieve increased value for money by joining an existing consortium to enable it to benefit from using pre-tendered framework agreements and whether any charges for this represent a good investment.

If there is no previously existing framework agreement and the requirement is of an ongoing nature and may require more than one supplier, or if the volume of the requirement over the contract term is uncertain, the Budget Holder must consider whether creating a framework arrangement would better meet the requirement.

When advertising for a Framework Agreement the advertisement must indicate:

- a) That it is a Framework Agreement which is being tendered.
- b) The parties eligible to participate in the Framework Agreement.
- c) The duration of the Agreement.
- d) The expected maximum number of suppliers.
- e) The estimated total value of the contracts to be covered by the Agreement.
- f) The award criteria for choosing suppliers and subsequent criteria for placing orders.

9. New contract development

When a Contract does not exist to meet a requirement the Budget Holder must follow the appropriate Competitive Process in compliance with Contract Thresholds² and risk assessment.

A requirement can often be met through a range of business models, including a direct contract, use of an existing framework, creation of a new framework or Dynamic Purchasing System, collaboration with another public body, or creation of a wholly owned or Joint Venture Company. The Budget Holder must be clear as to which option will provide the best outcome and must record this in the Procurement Plan where appropriate. In all cases questions 1 to 5 of the procurement plan must be answered and retained.

² Refer to Appendix B - Procurement Authority Thresholds

SECTION 3 - Legislation

10. The Public Services (Social Value) Act 2012

The Act requires that the Council has regard to economic, social and environmental well-being in connection with public services contracts and considers the following in all procurement exercises for services:

- a) how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
- b) how, in conducting the process of procurement, it might act with a view to securing that improvement.

The Council must consider (under subsection (3)(b) of the Act) only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.

When the Council undertakes an assessment of the categories of services that it procures, to evaluate those that are high risk or where there is scope to achieve social benefit, particular effort will be made to both reduce adverse impacts and maximise opportunities whilst understanding, valuing and building on existing social capital and community assets and creating a positive ongoing impact on communities.

11. Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE)

In relation to contracts where there is likelihood that employees may be transferred to a new employer the invitation to tender will state that the Council assumes that TUPE will apply unless evidence to the contrary is produced. It will then be the Council's responsibility to ensure that tenderers have access to the appropriate information to allow them to fully consider any impact that TUPE may have on their tender.

12. HMRC Requirements – Engagement of Individuals

The Council is obliged to check that all individuals who are engaged by the Council in a self-employed capacity, e.g. Sports Coaches, Consultants, etc., who submit invoices and are paid via the creditors system; must now provide evidence of their compliance with HMRC requirements with regards to declaring their income tax and National Insurance liabilities. It does not apply to agency staff or staff employed by the Council on a fixed-term or casual basis.

All new suppliers must complete the Supplier Form prior to an order being placed for services. The form requests an individual's Unique Taxpayer Reference (UTR), which must be supplied prior to any payments being made. If an individual cannot provide this number, they are not to be engaged.

SECTION 4 – Pre-Procurement

13. Contract value

Before any procurement is begun the appropriate Budget Holder must estimate the value of the contract and must keep a written record of that estimate as part of the Procurement Plan in the Department (see Appendix E for the procurement Plan template).

a) In the case of contracts for:

- i) the hire of goods for an indeterminate period, or
- ii) the provision of services for a period in excess of 4 years or for an indeterminate period,

the estimated value of the contract must be the estimated monthly cost multiplied by 48 or, where monthly costs are inappropriate, the estimated annual cost multiplied by 4.

b) In the case of contracts for the supply of goods or services over a period where the Council wishes to call off as required or has a series of regular requirements by standing order the estimated value of the contract is either:

- i) the aggregate value of similar contracts over the previous 12 months (adjusted for any known changes in demand);
- ii) the estimated value of similar contracts over the next 12 months; or
- iii) if the contract is for a definite term of more than 12 months, the estimated value for the period of the contract.

c) For all supplies, services and works not covered by the above, the estimated value for the purpose of these Standing Orders must be the total estimated value of the supplies, services or works to be supplied over the period covered by the contract.

d) The value of a concession for the purpose of this Standing Order is the estimated gross value of the service before income.

14. Aggregation of demand

The separation of a requirement (disaggregation) into several smaller orders or contracts to avoid seeking the correct Procurement Authority or to avoid appropriate levels of competition is not permitted.

When a Budget Holder instigates a quotation / tender procedure they must inform the Group Manager or their delegated manager of that requirement to enable the potential for aggregation across the Council to be managed.

15. Market research

Access to accurate and relevant commercial intelligence and knowledge of the marketplace is necessary in deciding which procurement option is best. Relevant markets need to be researched and understood, however, care must be taken to ensure this does not distort competition or prejudice any bidder or potential bidder.

16. Assessing contract risk

All procurement projects must be assessed prior to commencing activity to determine the level of risk associated with the particular procurement. The risk matrix is part of these Standing Orders at Appendix F. Dependant on the total score achieved on the matrix together with the estimated contract value the Budget Holder will determine the process to be utilised.

17. Terms and conditions

The Council's Standard Contract and Purchase Conditions have been developed with legal advice to protect the Council from contract risk in the majority of instances. When entering into any contract, be that following either the quotation or tender process, the Budget Holder must be aware of the terms of that contract. Under normal circumstances for goods and simple services the Council's Standard Contract and Purchase Conditions will suffice. However, consideration should be given to specifics, such as insurance requirements, health and safety and confidentiality, and other relevant issues where risk is increased. Additional terms, including 'social clauses', will be available for selection through the e-procurement system to apply to a procurement process where appropriate and Budget holders must seek legal advice if in any doubt.

In all cases contract terms shall include a requirement for contractors to be paid within 30 days of receipt of a valid invoice and also for contractors to pay their sub-contractors within 30 days and to pass that requirement through the supply chain.

In some limited circumstances the market operates in such a way as to prevent the Council from imposing its standard terms and it will be inevitable that the supplier's terms will be offered. Particularly in these cases legal opinion should be sought to highlight any specific clauses that put the Council at risk and these may be grounds for negotiation with the supplier prior to agreeing a contract. Where a supplier's terms and conditions are to be agreed this must first be approved by the appropriate Director.

18. Pricing

In the case of long-term contracts (usually longer than one year) it may be necessary to include provision for inflationary and deflationary factors during the course of the contract. A clause should be drafted requiring the supplier to provide evidence of increased costs and any increase must be limited to the appropriate inflationary index. Due care must be taken when drafting this type of clause and when used must be approved by the appropriate Director.

SECTION 5 – Supplier Engagement

19. Advertising a quotation or tender

The e-procurement system shall be used for all quotation and tender procedures and as such all opportunities will be published and made visible to all potential providers that are registered on the system. The e-procurement system will also facilitate the publishing of opportunities to the OJEU and to Contracts Finder where necessitated by the value of the contract. The transparency obligations of the Council require that all contracts over £25,000 are advertised on Contracts Finder in addition to any other systems that are used.

There may be circumstances however when it will also be necessary to place an advertisement in a local newspaper, trade journal, local partnership network, or social media where appropriate, to invite potential suppliers to register on the e-procurement system to obtain access to the opportunity. This will particularly be the case where it is deemed that insufficient suppliers are registered for a specific category of products or services to achieve a reasonable level of competition.

The advertisement shall be raised in conjunction with the Group Manager and will include the website address for the e-procurement system.

20. Information to potential suppliers

All potential suppliers must receive the same detailed information that accurately reflects the business and Budget Holder requirements. Information given to tenderers that relates to anticipated volumes or value of business is for guidance only. It must be clearly stated that the Council will not be bound by this information.

Tenderers must not be informed of the identity of competitors, as this can lead to supplier collusion and cartels and a potential loss of confidence among tenderers.

All questions and answers to clarification points that may be raised by tenderers are to be administered through the e-procurement system to ensure that all tenderers receive the same information. Care should be taken to ensure that further clarification information is made anonymous before sharing with other tenderers.

21. Meetings/discussions with tenderers

If it is part of the contract strategy to hold meetings with tenderers before tenders are submitted best practice is to hold one meeting with all suppliers present unless the Budget Holder and the Group Manager determines that it is disadvantageous to do so. This approach ensures that all tenderers receive the same information.

No meetings or discussions shall take place during the tendering process between tenderers and the Budget Holder without the prior agreement of the Group Manager.

SECTION 6 - Process

22. Development of the specification

The Budget Holder, with the aid of specialist functions as appropriate, is responsible for compiling the specification which must include performance criteria. Budget Holders must use caution when communicating with potential suppliers during this stage of the process, to avoid compromising the Council's ability to maintain transparency, equal treatment and impartiality.

It is the responsibility of the Budget Holder to source and contract with suppliers who will supply goods and services that will meet the Budget Holder's specification as well as the commercial requirements of the contract.

To ensure best value, specifications should be generic and outcome-based and not limit offers of equivalent solutions.

23. Identification of Suppliers

There are a number of ways in which potential suppliers may be selected:

a) E-procurement system

In the majority of circumstances suppliers will identify themselves by expressing an interest on the e-procurement system for a particular opportunity.

b) Framework Agreements

Suppliers are awarded business under framework agreements and the Budget Holder will not undertake any further supplier identification. In any case where a Framework Agreement in accordance with these standing orders is in place:

- i. Orders will be placed against a known price and do not require further competition unless required by law.
- ii. In circumstances where the price was not specified under the Framework Agreement an order can only be placed if further competition has been undertaken in accordance with the instructions contained within the Framework Agreement. This will be with all of the suppliers specified in the Agreement or within a specific Lot of the Agreement and no other suppliers. This competition will be undertaken utilising the e-procurement system. The further competition must be evaluated using the criteria as stated in the Framework Arrangement. If the number of suppliers within a Framework Agreement or relevant Lot is not sufficient to ensure competition the Budget Holder must seek expert advice.
- iii. When an existing Framework Agreement is to be used, particularly for services and works, it is the Budget Holder's responsibility to ensure that all specified requirements remain valid. It may be necessary to request current evidence of insurance or other certification depending on how the Framework Agreement is managed.

c) Supplier databases

Various Supplier/Contractor databases exist to assist organisations select suppliers these data bases are available on-line, e.g. Construction-line, Sells, Yellow Pages, Kelly's and professional bodies such as RICS. When using these lists care must be taken not to only use one source of information and identified suppliers must then be encouraged to register on the e-procurement system.

d) Dynamic Purchasing Systems

Where a Dynamic Purchasing System is in place quotations will be sought using the e-procurement system.

24. Supplier selection

The Council is committed to obtaining value for money through the procurement of all goods, services, works and capital projects. It is essential to ensure that only the most capable suppliers are selected as contractors to the Council.

The selection and elimination of suppliers within a procurement exercise can only be made on grounds of capability and that assessment should include a balance of technical, professional and financial issues as appropriate. It is essential that any criteria used to select suppliers are notified to them in advance. This information should be contained within tender documents or where appropriate included within the OJEU notice.

Potential suppliers should be requested to provide accounts for the past two years of trading as part of the procurement process where appropriate. In the absence of audited statements, other information should be requested that is considered sufficient for assessment purposes. Potential suppliers such as SMEs and public service mutuals may have been recently formed and be unable to provide accounts for the previous two years or to provide any filed accounts at all. The Budget Holder should know the level of flexibility required towards potential suppliers from information gained through market research. Other information that may demonstrate the potential supplier's economic and financial standing can include, but is not limited to:

- Parent company accounts (if applicable)
- Deeds of guarantee
- Bankers statements and references
- Accountants' references
- Management accounts
- Financial projections, including cash flow forecasts
- Details and evidence of previous contracts, including contract values
- Capital availability.

The capacity of a potential supplier may be assessed based on a simple comparison of the annual contract value to the annual (or average annual) turnover. While turnover may be a useful indicator of capacity, issues of financial position, capacity, capability and dependency should all be considered as part of the appraisal process. If a potential supplier is not selected, there must be clear and demonstrable evidence of financial risks, capacity or capability issues over and above a simple turnover or ratio measure. Budget Holders should not impose arbitrary minimum requirements which may have the unintended effect of barring new businesses from bidding and that in the spirit of encouraging supplier growth, the supplier evaluation process should not rule out a potential supplier unless there is clear

evidence that the supplier's financial position places the Council or services at unacceptable risk. This should include the consideration of the level of insurances required. Whilst the Standard Contract & Purchase Conditions include a requirement for £3million cover for public liability, Budget Holders should set the minimum requirements for public and employers liability together with professional indemnity cover at an appropriate value relative to the contract risk.

Where open advertisements are used to attract potential suppliers the selection process will form a qualifying stage of the tender exercise. Qualification can only be assessed on the grounds of financial soundness, capacity and professional and technical ability. There are 2 ways in which this process can be used and these follow the principles of the EU procedures.

- i) Either, the pre-qualification questionnaire is made available to all suppliers expressing an interest and only the suppliers that meet the required standard are then allowed access to the full tender documents.
- ii) Or, suppliers are issued with the full Invitation to Tender (ITT) document of which the qualification section forms the first element.

The first option should only be used for contracts valued above the EU threshold and where allowed within the procurement process, i.e. the Restricted procedure or Dynamic Purchasing System. The Restricted procedure should only be used where the market is known to be extensive and large numbers of tenderers are anticipated. This approach will remove the possibility of large numbers of suppliers completing a full tender unnecessarily. Conversely, where appropriate, the qualification section within a full tender will be used to ensure that minimum standards are met and will allow evaluation of a wider range of tender offers. This will reduce the overall timescale of the tender.

The purpose of pre-qualification is not to reduce the number of potential bidders but to ensure that those tenders that are evaluated are from suppliers that are capable of meeting the quality standards required. Where a pre-qualification questionnaire is used this must be based on the government standard and should be as simple as possible. Qualification may involve as little as a requirement of tenderers to confirm that they can meet the stated minimum standard required. The government standard pre-qualification questions are available on the e-procurement system to select, together with additional questions to be selected as appropriate to a specific requirement. To decrease the burden on tenderers, where certificates and evidence is required, this should only be requested before contract award from either the preferred bidder or from the final few tenderers where there are specific requirements.

25. Low risk procedures (risk matrix score 0 - 59)

This procedure should be used by Budget Holders teams with delegated authority for expenditure below £5,000 and where the requirement is of low risk (i.e. scoring below 60). In all cases questions 1 to 5 of the Procurement Plan must be answered and retained.

These requirements are normally straightforward and require nothing more than the Council's Standard Contract & Purchase Conditions. The Budget Holder is required to seek 3 competitive quotes on the e-procurement system, which will maintain a record showing that good value has been obtained. The use of the e-procurement system should always be the

first option and any alternative means of communication should only be considered in very rare circumstances.

The Purchase Order Number must be provided to the supplier at the time that the commitment is made. The Budget Holder must confirm Purchase Order details in writing within 24 hours of placing an order using a Purchase Order generated by the procurement system.

26. Medium risk procedures (risk matrix score 60 – 100)

For all contracts scoring between 60 and 100 and typically with expenditure between £5001 and £50,000 a minimum of three quotations from potential suppliers is required using the Council's e-procurement system. Commitments must be confirmed immediately with a Purchase Order generated by the procurement system and must include all associated costs including delivery and VAT. If the contract has already been awarded the Purchase Order must be marked "CONFIRMATION ORDER" to avoid duplication.

The Budget Holder's specific requirements and the Standard Contract & Purchase Conditions will be used. It is also essential that the following is clearly stated:

- i) the lowest priced quotation may not be accepted.
- ii) the Council is under no obligation to accept any quotation.
- iii) offers not submitted on the e-procurement system will not be accepted.

After the closing date and time all received quotations will be available for evaluation.

The maximum duration of any contract should not exceed 3 years and automatic renewal or extension of contract is not permitted. Additionally, the Quotation must be referred to the Group Manager when any of the following apply regardless of the contract value:

- i) The contract period will extend beyond 12 months.
- ii) The contract will require special terms and conditions of contract.
- iii) The Standard Contract & Purchase Conditions may need to be modified and/or amended.
- iv) The supplier insists on using their own Terms and Conditions of Contract.

Where requirements are complex and potentially high risk the high level procedures should be followed and full tender documentation used instead of following the quotation process.

27. High risk procedures (risk matrix score above 100)

For all requirements scored over 100 and below the EU threshold typically valued over £50,000 at least 3 competitive tenders must be sought. The Council's e-procurement system including the standard documentation will be used. The Standard Contract & Purchase Conditions will normally be applied, but further terms may be required to safeguard the Council from risk. The evaluation criteria and scoring methodology will be clearly set out on the system and it is also essential that the following is clearly stated:

- i) The lowest priced tender may not be accepted.
- ii) The Council is under no obligation to accept any tender.

- iii) All tenders must be submitted on the system and according to the instructions by the stated deadline.
- iv) The Tender will also state that offers not submitted on the e-procurement system will not be accepted.

The tender must be referred to the appropriate Director when any of the following apply:

- i) The contract period will extend beyond 36 months.
- ii) The contract will require special terms and conditions of contract.
- iii) The Standard Contract & Purchase Conditions may need to be modified and/or amended.

28. EU Procedures

This procedure must be used for all requirements which are valued at or above 90% of the current EU Threshold. All contracts must be advertised through the e-procurement system in the Official Journal of the European Union (OJEU) and may also be advertised elsewhere as appropriate, but this must be following the OJEU notice publication. The notice published in OJEU will contain a link to the tender details and relevant documents.

There are five procurement routes that are available to use under the EU Directives and the choice of these procedures must be appropriate to the contract in question.

- a) Open – this procedure is preferred by the Council, as it has the shortest timescales and is arguably most transparent. Any company who accesses the tender following the published hyperlink will be allowed access to the Invitation to Tender (ITT).
- b) Restricted – this is a two-stage process where the full ITT is only provided to bidders that are successfully assessed in the Pre-Qualification Questionnaire and should only be used where the market is known to be considerable in size.
- c) Competitive with Negotiation –the Council must set minimum standards and these must not be changed through the negotiation rounds. The scope for using the Competitive procedure with Negotiation is limited by EU Regulations and must be justified; the most common circumstance being where the contract specification cannot be established with sufficient precision to permit the award of the contract by selection of the best tender according to the rules governing open or restricted procedures.
- d) Competitive Dialogue – this is a two-stage process. The first stage "the dialogue" allows for discussion between the invited bidders (no less than 3) and the Council. At the end of the dialogue phase bidders are invited to submit proposals which are then evaluated using the previously issued criteria.
- e) Dynamic Purchasing System (DPS) - this is a procedure that has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time. It has its own specific set of requirements. It is to be run as a completely electronic process, and should be set up using the restricted procedure and some other conditions apply. The DPS is a two-stage process. First, in the initial setup stage, all suppliers who meet the selection criteria and are not excluded must be admitted to the DPS. Contracting authorities must not impose any limit on the number of suppliers that may join a DPS. Unlike framework agreements, suppliers can also apply to join the DPS at any point during its lifetime. Individual contracts are awarded during the second stage. In

this stage, the authority invites all suppliers on the DPS (or the relevant category within the DPS) to bid for the specific contract.

- f) Light Touch Regime - The new regime (LTR) is a specific set of rules for certain service contracts that tend to be of lower interest to cross-border competition. Those service contracts include certain social, health and education services, defined by Common Procurement Vocabulary (CPV) codes. There is a higher EU threshold for advertising these contracts, there are no stipulated time limits but the Treaty principles of transparency and equality must still be applied. There is also more flexibility on the award criteria that may be used.
- g) Innovation Partnership - This procedure is aimed at encouraging the development of innovative products, services or works, which are not already available on the market. The procurement process largely follows the competitive procedure with negotiation. Following a contract notice, the contracting authority receives expressions of interest and negotiates with the potential partner(s) it has selected. The partnership agreement is then awarded to one or more partners on the basis of the best price quality ratio. Following the award, the structure of the process covers two parts, firstly the development of the innovative product, service or works and then the purchase of the resulting supplies, services or works.

Budget Holders will follow the appropriate procedures as detailed in the EU Procurement Directives and in the UK Public Contract Regulations. There are strict rules around contract value thresholds and mandatory timescales, including a standstill period between notification of a preferred contractor and the award of the contract. Budget Holders must ensure that all mandatory timescales are adhered to and should always seek expert advice and refer to the procurement guidance for further details.

29. Receipt and opening of Tenders

All tenders will be managed in accordance to the defined procedures on the e-procurement system. If for any reason it becomes clear that insufficient time has been allowed for the preparation of tenders, the closing date may be extended. All tenderers must be advised of any change in the closing date, extension of time allowed, or of any other change in the tender arrangements.

30. Tender evaluation

The Budget Holder with delegated authority is responsible for leading the commercial evaluation procedure within the tender assessment team. Tender evaluation will utilise the services of any other specialists deemed necessary. The evaluation process must be objectively followed using a team approach and by moderating scoring. All evaluation will either be carried out on the e-procurement system or if this is not suitable then an appropriate spreadsheet will be used and the records of the evaluation process must be uploaded onto the system and retained for audit purposes.

The purpose of the evaluation is to identify the most economically advantageous tender, which will be a balance of cost and quality. The Budget Holder must draw up the evaluation criteria and methodology early in the process and this will be shared with the tenderers as part of the e-procurement process. It is good practice to allot a weighting system to the scoring to enable greater emphasis to be attributed to the key outcomes required.

The evaluation criteria must be relevant and proportionate and linked to the subject matter of the contract. These criteria will often include the following:

Quality - Technical merit, aesthetic and functional characteristics, environmental characteristics, after sales service, technical assistance, delivery date and delivery period and period of completion.

Costs - Whole life cost - price, running costs, maintenance, consumables, spares and disposal costs.

A brief tender report (See Appendix G for a template) should be completed and submitted to the appropriate officer for approval to award.

31. Acceptance of Tenders

The appropriate Budget Holder may accept from valid tenders received, in accordance with the decided award criterion:

- a) the most economically advantageous tender where one tender achieves an overall highest combined quality and cost score; or
- b) any other tender only after consultation with the appropriate Director and after taking legal advice on the impact of EU Directives and subject to the appropriate Budget Holder making a written report; or
- c) in the case of sales or concessions the highest tender, if that was the award criterion, provided that the tender is not more than 10 per cent below the estimated value.

A Budget Holder may not reject an abnormally low tender without first giving the Tenderer the opportunity to explain the tendered price.

Acceptance of a tender must be in writing and may in some cases be in the form of an official purchase order and must be signed by the appropriate Director or by an Officer designated by him/her. The “acceptance” must not prejudice any formal contract required by Standing Order 36.

The appropriate Budget Holder must inform all tenderers of the name of the successful tenderer and (where practical) the amount of the tender accepted and (without connecting particular prices to particular tenderers) the prices submitted by other tenderers.

Where the tender has followed the EU procedures and in other cases where appropriate the unsuccessful tenderers must be allowed 10 days following receipt of their rejection notification before the contract is awarded. This time is allowed for potential challenges to the award decision and to avoid cancelling an awarded contract. The successful tenderer should be notified in the meantime that they are the “preferred bidder”.

32. Debriefing unsuccessful tenderers

The Budget Holder must be prepared to explain to unsuccessful tenderers why their tenders were not accepted. Unsuccessful tenderers have a legal right to be debriefed, based on their tender, if they choose to make such a request. This is also good practice as it can help suppliers to improve and better compete for future business.

Debriefing of an unsuccessful tenderer should only be arranged once all unsuccessful tenderers have been informed. Debriefing in depth is likely to be needed only in respect of strategic or significant contracts. In doing so the Budget Holder must recognise and respect the confidentiality of information received from other tenderers.

33. Errors or Discrepancies in Tenders

Where examination of tenders reveals errors or discrepancies which would affect the tender figures in an otherwise successful tender, the tenderer is to be given details of such errors and discrepancies and afforded an opportunity of confirming or withdrawing the offer.

Where a tender is for a fixed sum and is for measured work calculated on Bills of Quantity with rates or Activity Schedules and the arithmetical calculations are erroneous the tenderer may confirm either the rate (or rates) or the total for that particular item or the tenderer may withdraw the offer. Where the Contractor has agreed to confirm their offer, any revision to the arithmetic total will require a compensating adjustment to provide a build-up of cost to agree with the tendered sum.

If the tenderer withdraws, the next tender in competitive order is to be examined and then dealt with in the same way.

Any exception to this procedure must be authorised by the appropriate Director.

If a supplier discovers after receiving a contract that their tender had contained a genuine error, they must be asked to submit a detailed explanation of their case. If that demonstrates to the satisfaction of the Budget Holder that the error or omission was genuine, the revised details may be accepted subject to their approval within the relevant financial authority and the supplier's bid remaining competitive.

Otherwise, the supplier must be required to stand by their tender or the contract may in extreme circumstances be terminated. This course of action must be at the discretion of the Budget Holder, in discussion with their Group Manager. If in any doubt of the action to be taken refer to the appropriate Director.

34. Error by the budget holder

If the Budget Holder finds an error in the requirement or specification of a tender, all potential suppliers must be informed of the correction and if necessary be given additional time to reply by extension of the tender return date.

If, following the issue of a Purchase Order, the Budget Holder finds a genuine error made in the process of placing the Purchase Order; the Budget Holder should advise the supplier and jointly discuss corrective action. The corrective action may be accepted subject to approval within the relevant financial authority.

In exceptional cases, cancellation of the contract may be necessary after discussion with the supplier and the Budget Holder.

35. Clarification

All supplier tender clarification should be controlled and led by the Budget Holder with delegated procurement authority. The Budget Holder should determine a strategy for the

clarification, irrespective of whether it concerns a new purchase, a renewal, or a supplier generated change. The Budget Holder may decide to involve other specialists as appropriate.

Neither good practice nor the EU Directives permit price negotiation, however clarification is utilised to explore and understand the technical aspects of a tender. The result of clarification discussions may be an adjustment to the cost proposal.

Where clarification discussions do not lead to an agreement between the supplier and the Council it may well be necessary to undertake a second procurement exercise and re-engage the market.

a) Post-tender / pre-contract clarification

All post tender clarification must be transparent and be carried out with all appropriate suppliers to remove possibility of preferential treatment of tenderers. No negotiations may take place under this Standing Order unless and in very rare circumstances the tender documents specifically reserve the right to do so.

Post tender clarification is the process whereby discussion takes place with one or more selected tenderers after tenders have been assessed, in order to secure the value for money of the awarded contract or purchase order.

All discussions and concessions must be recorded and a record made on the e-procurement system and confirmed with the supplier. Under no circumstances should prices tendered by one tenderer be disclosed and / or used to “negotiate” other tenderer’s prices down. This is an unethical practice and could be damaging to suppliers and the Council.

b) Post contract clarification

Post contract clarification refers to any discussion which seeks to alter the contract conditions or which has any other direct implication for the delivery of goods or management of the contracted service, and which takes place after the award of contract.

Either party can initiate post contract discussions.

Post contract clarification must be conducted with the express authority of the Group Manager and should only be conducted with those personnel within the supplier’s organisation who are authorised to do so.

It is particularly important that no unauthorised personnel engage in any activity that could be interpreted by the supplier as negotiation. Unauthorised activity could compromise the Council’s legal position in the event of a subsequent related dispute.

Personnel should be wary of the dangers of unwittingly giving implicit agreement to a change in the contract. Any discussions or correspondence that could be perceived to be related to changes in service requirements should be prefaced by stating or noting that they are “without prejudice” to the contract.

Any changes that are agreed should be fully documented in accordance with the change procedures within the contract, and recorded as an addendum to the contract file.

36. Form of Contract

Purchase Contracts are normally utilised in addition to Purchase Orders for requirements over £100,000 in value. For specific requirements below £100,000 a contract may be appropriate where:

- Supply will extend beyond one year.
- Special conditions apply.
- The requirement is complex.
- There is significant risk associated with the purchase.

When a Purchase Contract is in place it must be used in preference to sourcing a requirement from another supplier.

All purchase contracts must:

- be in writing; and must specify the supplies, materials or services to be supplied, the price to be paid and must contain a statement as to the amount of any discount or other deductions, the period within which the contract is to be performed and such other conditions and terms as may have been agreed between the parties through the tender process; and
- include a clause prohibiting the contractor from transferring or assigning or sub-letting to any person any portion of the contract without the written permission of the Council signified by the appropriate Director; and
- contain a clause empowering the Council to cancel the contract and to recover from the contractor the amount of any resulting loss if the contractor or any person employed by him/her or acting on his/her behalf whether or not to his/her knowledge shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for taking or for not taking any action in relation to the contract or any other contract with the Council, or shall have committed any offence under the Prevention of Corruption Acts 1889 to 1916, or shall have given any fee or reward the receipt of which is an offence under Section 117(2) of the Local Government Act 1972.
- incorporate the standard Great Yarmouth Borough Council Standard Contract & Purchase Conditions, unless the parties agree to the contrary or it is considered inappropriate to do so by the appropriate Director following legal advice.

Every contract whose estimated value exceeds £100,000 must where possible provide for the payment of liquidated damages by the contractor where he/she fails to complete the contract within the time specified.

Purchase contracts may be under seal (particularly for contracts regarding construction, land or property), but must be attested to by the appropriate Director or signed by two officers of

the Council designated by the appropriate Director. Where two signatures are required at least one must be that of a person not involved in the tendering or clarification of the contract.

A copy of all contracts must be retained as an attachment on the e-procurement system.

Directors must produce a list of those Officers whom they have authorised to sign contracts on their behalf and maintain that list.

37. Purchase order

The standard Purchase Order is generated by the finance system and must be utilised for all individual requirements and to call off requirements from existing Contracts. There are very limited exceptions to this requirement and categories of expenditure where a Purchase Order is not required are listed in the Procurement Guide. The Purchase Order will be completed with all the appropriate details of the purchase and the Standard Contract & Purchase Conditions are referred to on the supplier's copy of the Purchase Order.

The use of supplier-prepared agreements is not acceptable, except in the circumstances outlined in paragraph 17, as the whole contract will be placed on the supplier's terms and conditions, which are unlikely to be favourable to the Council.

38. Receipt of goods & services and payment

Payment cannot be made until all supporting documentation has been completed. It is essential that receipt acknowledgements and invoices are returned promptly to the appropriate finance area by the Budget Holder after receipt of the goods or services. Invoices should in the first instance be sent directly to the finance department.

Before an invoice is paid by the finance department the following checks need to be completed to certify the specific invoice is passed for payment by confirming the following:

- The VAT invoice is an original or certified copy
- The goods and or services were received
- That the prices and all costs were agreed and invoiced correctly
- Applicable credits and or discounts have been applied
- The arithmetic calculations are correct

The finance department will process invoices promptly for payment. The Council is targeted by central government to achieve all payments to suppliers within 30 days of receiving an invoice.

SECTION 7 – Contract Management

39. Variations

All requests to suppliers to amend any contract or requirement must be made in writing and must include authorisation at the same level as the original instruction or at a higher level if the level of expenditure exceeds the original authorisation levels.

When the Purchase Order has been issued, any changes in the requirement must be notified to the supplier in writing by an amendment to the Purchase Order and if relevant a Contract Variation. The changes must also be made to the purchase order on the procurement system.

40. Cancellation of purchase order/contract

All requests for cancellation must be made in writing to the contractor by the Budget Holder who initiated the contract. For complex contracts advice must be sought from the appropriate Director and legal advice sought as required. Formal cancellation of the purchase order must be made in writing, ensuring Accounts Payable/Finance are informed. The details of any discussions and clarification between the Budget Holder and the Supplier should be recorded with the reasons for cancellation and the outcomes of any discussion.

41. Termination due to supplier non performance

If the Supplier is not meeting their contractual obligations and discussions fail to resolve the matter, the Purchase Order/Contract may need to be terminated.

The Budget Holder should consider the consequences of the cancellation with regard to:

- The Budget Holder's needs.
- Project timing and cost.
- Overall relationship between the Council and the supplier.
- The Council's performance in the contract.
- Contractual implication from the supplier's point of view.
- Future and other outstanding business with that supplier.
- The possibility of negotiating damages or consequential losses in line with the provisions of the contract conditions.

42. Contract management

The score achieved in the assessment of contract risk will suggest the level of contract management required and the appropriate approach to take. Detailed guidance can be found on the procurement intranet. The three categories of risk level and the required actions are summarised below:

- **Low level** - ensuring compliance to the contract by managing the delivery of the contract using high level indicators e.g. cost, quality, delivery, service.
- **Medium level** - managing the performance of the contract and the supplier by expanding the high level indicators and holding a minimum of one performance review meeting per annum.
- **High level** - managing the performance of the contract and the supplier using Key Performance Indicators (KPIs) and / or Service Level Agreements.

It is also suggested that a programme of peer reviews of significant contracts is undertaken and that this is procurement led. These reviews will assess internal controls, compliance, cost and scope changes, performance management, delivery of social value and benchmarking if appropriate.

43. Exit strategy

As the contract progresses the budget holder will have responsibility for ensuring that both parties are working towards the planned exit of the contract, and for undertaking the procurement process for securing subsequent supply arrangements if required. For the majority of service contracts it will be important to have built into the contract the requirements from the contractor should a change of supplier be appropriate at contract expiry. This might include provision of staff information to facilitate TUPE or the transfer of Council data from an existing system provider to a new contractor. Part of the exit strategy should involve ensuring that a review of the contract and supplier's performance and an assessment of lessons-learned are undertaken to inform future contracts.

SECTION 8 - Decommissioning

44. Disposal of assets

Disposal and/or reallocation of assets needs to be managed with the same diligence as the acquisition process. The Council has a duty of care regarding the disposal of equipment where environmental issues are appropriate.

Where Procurement is involved in disposal, records must be retained for the disposal of assets in a similar way as for purchase decisions.

Any items of stock (other than land) deemed obsolete or surplus to requirements must, where the expected loss on disposal is no more than £5,000, be sold or disposed of only on the authorisation of the responsible Group Manager. Where the expected loss on disposal exceeds £5,000 the approval of the appropriate Director must be obtained.

Assets for disposal must be sold by public auction, except where better value for money is likely to be obtained by inviting quotations or tenders as determined by the Group Manager or appropriate Director. The method of disposing of surplus or obsolete stocks / stores or assets other than land must be determined as follows:

Total value	Method / Number of tenders or quotes
Up to £5,000	Public auction or minimum of two tenders / quotations, after authorisation by the Group Manager
£5,000.01 and above (Invitation to Tender)	Public auction or minimum of three written tenders, after authorisation by: Less than £100k value - Group Manager - Property & Construction Between £100k and 200k value – Single Cabinet Member Over £200k value - Cabinet

Before an item is disposed of, consideration should be given as to whether there is a use for the item elsewhere within the Council. All options must be explored and a record kept of the

decisions made. It is the responsibility of each Group Manager to establish that legal title rests with the Council prior to the disposal of any item. Disposal of land will in all cases require advice and guidance from the Group Manager, Property & Construction and appropriate Director, as set out in the Council's Financial Regulations.

SECTION 9 – Retention of Documents

45. Archive records

It is a legal requirement for commercial records to be retained for inspection by various Government organisations, including HMRC (VAT).

The retention period commences once the Tender, Purchase Order or Contract is closed; all “open” documents are retained indefinitely.

The records to be retained, the retention period and which section retains them are detailed below:

Document	Retained By	Retention Period
Tenders/Quotations	e-procurement system	7 Years
Purchase Orders	procurement system	7 Years
Contracts	Budget Holder	7 Years
Suppliers' Invoices	Finance Dept.	7 Years

The records should be kept in a format that facilitates accessibility for future use.

SECTION 10 - Exemptions

46. Exception

Subject to the requirements of the EU Directives, Acts of Parliament and UK Public Contract Regulations tendering is not required:

- a) for supplies or services that are available only as proprietary or patented articles from one contractor or supplier and for which the appropriate Director certifies that there is no reasonably satisfactory alternative available in the European Union and for repairs to, or the supply of, parts of existing proprietary or patented articles, including machinery or plant. This also includes the rare circumstance where existing knowledge and experience of an individual can be demonstrated to out-weight any possible benefit from exposure to competition;
- b) for works of art, museum specimens or historical documents;

- c) for a procurement which constitutes a variation or extension of an existing contract and either:
 - i) the variation or extension is specifically provided for in the original contract (although in such cases the appropriate Budget Holder should first consider whether re-tendering would be likely to result in better value for the Council), or
 - ii) the estimated value of the variation or extension is less than the greater of £5,000 or 10% of the original contract sum.
- d) for supplies or materials to be purchased at a public auction;
- e) where the purchase is via a purchasing consortium Framework Arrangement, e.g. Government Procurement Service (GPS) or Eastern Shires Purchasing Organisation (ESPO), provided that the purchasing consortium has, for the item(s) concerned, complied with the EU Procedure where the contract exceeds the EU threshold and the Council is included in the scope of the Framework;

47. Waiver to procurement / single tender procedure

In the exceptional circumstances when insufficient suppliers are available from the market to enable competitive offers to be obtained or an Exception (as detailed above in 46a to 46d) applies, a request to proceed using the Exemption / Waiver Form (Appendix C) must be authorised by either a Director and the Section 151 Officer or by two Directors. Where a pre-tendered Framework is being used it is not necessary to use an Exemption / Waiver Form.

Such requests for waiver must be in writing clearly recording how you will prove value for money by adopting this approach. The requests will be monitored by Internal Audit to ensure compliance and the delivery of value for money.

There is still a requirement to ensure that a single tender is obtained, using the e-procurement system, under these circumstances to safeguard the Council from potentially unfavourable supplier terms. The Budget Holder must also seek advice from a procurement expert to verify that no other option is available.

48. Operational emergency

An Operational Emergency is a situation that is the result of an unforeseen event over which the Council has no control. This procedure must not be used when a requirement has become late due to lack of planning on the part of the Council.

- a) In cases of Operational Emergency, requirements should be obtained from existing contracts as a priority.
- b) In the event of an existing contract being unavailable or inappropriate, the Budget Holder can contact an available supplier direct to provide assistance.

Extreme caution must be exercised when considering procurement as a result of urgency. Regulations must not be compromised and full documentation must be completed regardless of the urgency of the requirement.

A full audit trail must be maintained throughout the procurement process.

Urgent requests should clearly state the reason for urgency and a specific delivery date supported by written justification within 48 hours.

SECTION 11 – Maintenance of Contract Standing Orders

49. Review of contract standing orders

These Contract Standing Orders will be reviewed at least once per year by the Procurement Working Group to ensure that they stay at the forefront of good procurement practice.

APPENDIX A GLOSSARY OF TERMS

The following terms are used throughout these Contract Standing Orders:

1. Budget Holder - the person, department or business unit that holds the financial budget, and has the authority to raise requests for goods and services.
2. Commitment - the act of confirming a contract with third party suppliers and should be made by a contract or purchase order.
3. Confirmation Order - an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked "confirmation order".
4. Contract - a legal agreement between the Council and external suppliers for the supply of goods and services. For the purpose of these Standing Orders this does not include contracts of employment for staff.
5. Contractor - an organisation that contracts with the Council to supply goods, services and works.
6. Council - refers to the full Great Yarmouth Borough Council.
7. Framework Agreement – an arrangement that has been advertised and tendered either by the Council or another body under which the Council can award a contract with a third party, either as a direct award or utilising further competition within the agreement, depending on the terms of the arrangement.
8. OJEU – the Official Journal of the European Union.
9. Procurement - the creation of legally binding contracts between the Council and third party organisations for the supply of goods, services and works.
10. Procurement Code of Conduct - the behaviour and conduct that governs the correct and professional manner in which to conduct commercial business with third party suppliers as published by the Chartered Institute of Procurement & Supply.
11. Procurement Plan - the procurement plan is the record of the procurement strategy development for a particular purchase and provides a clear audit trail of the decision making process.
12. Proprietary Product - a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product.
13. Purchase Order - a serial numbered document created by the procurement system, raised by the Buyer on a specific supplier for the supply of goods, services or works.

This document is a formal legal agreement with specific conditions for the supply of goods and/or services.

14. Purchase Order Amendment - a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order, this document is a formal legal agreement with specific conditions for the supply of goods and/or services.
15. Quotation - a statement of price, delivery and specification against the specific enquiry provided by a specific supplier.
16. Services - include the provision of consultancy, legal, cleaning, maintenance, agency staff and similar non-tangible requirements.
17. Specification - a clear statement of requirement for goods and/or services, normally detailed as a generic specification to enable competition and the delivery of value for money.
18. Social Clauses – particular terms and conditions that may be included within a procurement process, and thereafter form part of a contract, that require a supplier to undertake specific actions to generate benefits to either particular groups of people or to the wider general public.
19. Supplier - an organisation that contracts with the Council to supply goods, services and works.
20. Tender - a formal offer from a supplier to supply specified goods, services or works at a stated cost or rate.
21. Tenderer - a supplier offering to buy or sell a product or service. This term applies prior to the formation of contract.
22. Terms and Conditions of Purchase/Contract - the specific conditions under which the Council will enter into a contract or purchase order with a supplier.
23. Value for money - a combination of criteria that include competitive price on a whole life basis, quality, reliability and timeliness. This is not necessarily the lowest priced offer.

APPENDIX B PROCUREMENT AUTHORITY THRESHOLDS

The following provides an outline to the value thresholds and risk score and the corresponding outline procedures for requirements within those value bands. The greater of the risk score and value shall be used in determining the appropriate procedure.

Total Value and Risk Score	Purchase Procedure	Minimum Number of Responses	Decision Made By
< £5,000 Risk score <60	At least 3 registered suppliers must be invited to quote using the e-procurement system. Contract Period 1 year maximum, automatic renewal or extension of contract is not permitted. Commitments must be confirmed with a Purchase Order raised on the procurement system. Group Managers may approve one off purchases under £5k on a single quote so long as consideration is given to value for money and to ensuring that repeat purchases do not take the value of the contract above £5k	3	Budget Holder
£5,001-£50,000 Risk Score between 60 and 100	All relevant registered suppliers must be invited to quote using the e-procurement system. If the value exceeds £25,000 the quotation must be advertised on Contracts Finder, this will also be the case where there are not at least 3 available suppliers. Contract Period 1 year maximum, automatic renewal or extension of contract is not permitted. Commitments must be confirmed with a Purchase Order raised on the procurement system.	3	Budget Holder & Group Manager.
£50,001-EU Threshold Risk Score above 100	A formal Invitation to Tender Process using the e-procurement system and advertised at least on Contracts Finder. Commitments must be confirmed with a Contract document if required, and a Purchase Order raised on the procurement system.	3	Director
> EU Threshold	Appropriate OJEU procurement procedure. Commitments must be confirmed with a Formal Contract and Purchase Order raised on the procurement system.	3	Director

Request for exemption from the requirements of Contract Standing Orders

Contract Name / Description:
Contract Sum: £
Anticipated Date of Commencement of Contract:
Anticipated Date of Completion of Contract::
Contract Supervisor:
Brief Details of Contract:
Reason(s) for being exempt from the requirements of Contract Standing Orders (i.e. Details of which paragraph(s) in Standing Order apply):
Submitted by: Group Manager.....Date:
Approved: DirectorDate:
Approved: Section 151 Officer or DirectorDate:

APPENDIX D GRANT PROCEDURES

1. Although there may be specific requirements depending on where the monies have originated the basic principles below should be followed in the allocation of grant funding.
2. If there is potentially more than one group or organisation that can meet the priorities of the council for a particular need, then the opportunity for grant funding needs to be advertised appropriately. This may be through local media, partnership networks and even through social media such as twitter or facebook. Details should include what the funding is for and the priorities it is intended to address, who can apply for a grant, the amount of money available, timescales and how the fund will be administered.
3. Those interested in receiving grant funding and providing services must complete a simple grant application which should contain as a minimum:
 - Project outline and aims
 - Activity and timescales
 - Those contributing to the project and what they bring
 - Anticipated outcomes
 - Funding required and a breakdown of how this will be used
 - Beneficiaries
 - Monitoring and evaluation methodology
4. An assessment will need to be made as to which application best fits the council's needs and priorities before any grant funding is awarded. This will usually be undertaken by a panel consisting of project board members (if relevant), or appropriate officers.
5. Once a decision has been made to award a grant this should be recorded and kept for audit purposes. An agreement should then be drawn up and signed by both the council and the organisation, setting out the basis on which the grant is provided and how it will be monitored.
6. During the funded period it is advisable to regularly liaise with the successful organisation to ensure that the project is running to plan and that the desired outcomes are being achieved. Any alterations to the initial project outlines must be carefully considered to ensure that the council's priorities are still being met, especially if further funding is required.
7. Either annually, if the grant is for more than 12 months, or at the end of the funding period the organisation must provide a financial statement detailing how the grant has been spent and an evaluation report quantifying the outcomes achieved. It will also be helpful to obtain a case study demonstrating the achievements of the project and including any unexpected benefits. Feedback on how the project has been implemented, including other partners that have been involved, any difficulties experienced and how they have been overcome will also be useful. This may include photographs and letters of support from beneficiaries.

APPENDIX E PROCUREMENT PLAN TEMPLATE

1. Brief Description of Procurement:		
Goods	Services	Works
2. Duration of Contract: Rationale if exceeding 2 years:		
Intended Contract Start Date:		Total Contract Value: £
3. Intended contract format: (e.g. Single supplier, Collaboration, Further competition within an existing Framework Agreement, establishment of a new Framework Agreement, JVC, etc.) Rationale for option selected: If a Framework Agreement is being created will the requirement be divided into Lots? If so how?		
4. Does the Council have an existing contract? Yes / No		
5. Is there a Framework Agreement available to use? Yes / No If Yes, is it appropriate? If No, why not?		
N.B. If 'Yes' use the framework as directed and do not answer any further questions If 'No' and the contract value is less than £5,000 please use the 'Quick Quote' facility and do not answer any further questions. Otherwise, continue to complete the Procurement Plan.		
Market conditions: Are there sufficient suitable local suppliers available? Yes / No If Yes, roughly how many might reasonably be expected to tender? If No, how many regional / national suppliers would you expect to be interested?		
Advertising: How will the opportunity be advertised? Why has this approach been selected?		
Procurement Route: What procurement process will be used? e.g. single stage (open procedure), 2 stage (restricted procedure), negotiated procedure, competitive dialogue, dynamic purchasing system, light touch regime, other (please describe)		
Declarations of Interest: Have all officers and members that may reasonably be involved in the procurement undertaken to declare any potential conflicts of interest?		

Financial Capacity: Having assessed the risk to the Council what minimum financial standing is required? What minimum level of insurance is required?		
Public Liability £	Employers Liability £	Professional Liability £
Social Value: Is there any opportunity through the contract to improve the economic, social and environmental well-being of the area? If so how, in structuring the procurement, might that improvement be secured?		
Evaluation: What will be the overall weighting for: Price (whole life cost) % Quality (including service delivery, sustainability, technical merit etc.) % Where will any weighted sub-criteria be published? E.g. OJEU notice or advertisement, tender document, other.		
TUPE: If a service is required, are there staff involved that might have rights under TUPE?		
Contract management: What contract management requirements will be built into the tender? (e.g. Service Level Agreement) Will an exit strategy be required and if so what will this include? (e.g. transfer of data or staff)		
Form of Contract: How will the contract be completed? (e.g. formal document, contract award letter, purchase order etc.)		

APPENDIX F CONTRACT RISK MATRIX

Contract Title:

Budget Holder:

Date:

Contract description:

Assessment:

Proposed length of contract

		assessed score	scores
Proposed length of contract	over 10 years		10
	4 to 10 years		5
	under 4 years		0
Proposed procurement arrangement	PFI/PPP/strategic partnership/negotiated procedure		20
	standard tender/ construction		10
	existing framework agreement		5
Estimated whole-life cost	services or supplies/service elements		
	£0 to £5k		0
	£5k to £50k		10
	£50k to £170k		20
	£170k to £4.3m		30
	Over £4.3m		40
Impact of Contract	Critical to external mandatory service delivery		30
	Critical to internal operations		20
	Important to service delivery or internal operations		10
	Minimal impact		0
Staff subject to transfer/restructuring	>25		20
	1 to 25		10
	nil		0
Impact on organisation	major change to existing service		20
	new business process/innovative approach		10
	no significant impact		0
Political / Reputational Risk	major risk		30
	medium risk		20
	minimal risk		10
Health and Safety Risk	major risk		30
	medium risk		20
	minimal risk		10
	Not relevant		0
Opportunity to misuse/ fraud/ exploit	major risk		30
	medium risk		20
	minimal risk		10
TOTAL			0

Scores	Definition
0 to 59	= Low
60 to 100	= Medium
Over 100	= High

Appendix G TENDER REPORT TEMPLATE

Great Yarmouth Borough Council

TENDER REPORT

Contract Title:

Contract Ref:

Date:

BACKGROUND

- *Reason for requirement*
- *Key decision points from the Procurement Plan*
- *Any adjustments to the Procurement Plan*

INVITATION TO TENDER

- *Number of expressions of interest*
- *Number of tenders received*

EVALUATION CRITERIA

- *Details of main quality criteria and any sub-criteria including weighting.*
- *Any minimum score requirements*
- *Price evaluation method and weighting.*

TENDER EVALUATION

- *If using a 2 stage process, number of tenders qualifying to stage 2*
- *Names and scores of final quality evaluation and scores for the pricing element.*
- *Total scores and ranking*
- *Brief description of top 3 ranked bids, including any divergence from the tender requirements.*
- *Comparison with budget*

CONCLUSION & RECOMMENDATIONS

APPROVAL BY DIRECTOR