



CONTRACT & PROCUREMENT
PROCEDURE RULES

In partnership with Procurement Lincolnshire

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Contract & Procurement Procedure Rules

1. INTRODUCTION AND SCOPE

~~It is clear that the procurement organisation of the future will not look like it was before Brexit. For procurement to drive innovation, capitalise on marketplace dynamics and support continuous improvement this will require a development of roles, structure, behaviours, tools and strategy.~~

Procurement as an organisational process is intended to ensure that the buyer receives goods, services, or works at the best possible price when aspects such as quality, quantity, time, and location are compared. Corporations and public bodies define processes intended to promote fair and open competition, and following the Public Contracts Regulations (PCRR's 2015 and the Council's Contract and Procurement Procedure Rules (CPPR's will ensure that the Council promotes good purchasing practice, deters corruption and prevents allegations of incorrect or (CPPR-s) inform officers involved in procurement of the mandatory requirements when undertaking procurement and developing contract documentation.

The CPPR's advise on procedures for the purchase of goods, works and services and should be read together with Financial Procedure Rules within The Constitution and the Public Contract Regulations 2015 <http://www.legislation.gov.uk>, and apply to all officers employed by the Council and any persons appointed to work with or on behalf of the Council.

~~At the present time, in the event of any conflict between EU law, UK law and these Contract & Procurement Procedure Rules, the requirements of European law shall prevail over UK law and the requirements of UK law shall prevail over these Procedure Rules.~~

When carrying out any procurement, consideration shall be given to ~~the four principles:~~

- Transparency
- Non-discrimination
- Proportionality
- Mutual consideration

1.1 BASIC STANDARDS

The purpose of the CPPR's is to:-

- Help officers procure their contracts in a consistent and proper way;
- Ensure legal clarity and reliability in contract administration;
- Help ensure that expenditure involved in contracts is controlled within approved budgets;
- Support officers to achieve and demonstrate best value for the Council;
- Ensure compliance with Public Contract Regulations, Financial Procedure Rules, applicable Grant Funding regulation and with all UK ~~and European Union~~ legal requirements;
- Ensure fairness in allocating public contracts;
- Comply with all legal requirements;
- Comply with the Councils' policies; and
- Comply with the Councils' corporate and service aims and objectives

In addition, ensure that: –

- Any grant money received must be spent in line with these Contract & Procurement Procedure Rules unless the grant conditions state otherwise;
- The purchase has been authorised by the relevant level of management;
- It is a lawful purchase; and
- Processes are in place to maintain the security and integrity of data;

Officers involved in any procurement will make sure that:

- The rules set out in this document are followed;
- Any additional legal or financial advice is sought prior to commencement or during the procurement process;
- Any personal financial interest in a contract is declared prior to commencement of the procurement process;
- All bids are kept confidential;
- A written contract is issued and signed by both parties or purchase order is issued before the supply of goods, services or carrying out of works begin;
- ~~Where appropriate~~ Where appropriate identify a Contract Manager with responsibility for ensuring the contract delivers as intended; and
- A review of each contract is carried out at an appropriate stage in a term contract or at the end of a fixed term contract.

1.2 CONTRACTS

All contracts must comply with the requirements of the Public Contract Regulations 2015 and the Council's Contract & Procurement Procedure Rules. A contract is any arrangement made by, or on behalf of, the Council for:

- Execution of works;
- The delivery of services;
- The hire, rental, repair, maintenance or lease of goods or equipment
- The supply of goods;

For the purposes of these CPPR's contracts do not include:

- ~~Contracts of~~ Contracts of employment which make an individual a direct employee of the Council;
- ~~Agreements regarding~~ Agreements regarding the acquisition, disposal, or transfer of land (for which Financial Regulations apply); or
- c) Awarding of Grant

monies.

d)

e) 1.3

CONCESSION CONTRACTS

A concession contract is an agreement between the Council and an Economic Operator (mostly private companies) where the Economic Operator is given the right to exploit works or services provided for their own gain. Economic Operators can either receive consideration for their services solely through party sources, or partly through

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consideration from the Council, along with income received from third parties.

There are two types of concessions contracts: works concessions and service concessions. In a works concession, the Economic Operator operates, maintains and carries out the development of infrastructure. In a service concession, the Economic Operator provides services of general economic interest.

Advice must be sought from Procurement Lincolnshire prior to tendering a concessions contract.

1.4 RESPONSIBILITIES

1.4.1 The Management Team (MT)

The MT have joint responsibility for:

- Ensuring that procedures for procurement are sound and properly administered;
- All staff comply with the Public Contract Regulations 2015 and the Council's Contract & Procurement Procedure Rules.

The Section 151 Officer (Chief Finance Officer) is responsible for ensuring all income and expenditure is lawful. In addition, the Section 151 Officer (Chief Finance Officer) will also monitor the use of the exception process (section 2).

1.4.2 Directors/Assistant Directors

Will be responsible for:

- Ensuring staff within the services under their responsibility are aware of their obligations under these procedures and receive adequate training and guidance;
- Ensuring officers assigned to manage contracts, update those contracts with the relevant management information, i.e., orders, invoices, minutes, etc. in the current contract management depository;
- Ensure sufficient time and resource is allocated to the pre-procurement and tendering process.

1.4.3 Contract Sign Off

Sign off on Contract documentation on behalf of the Council will be as follows dependent on financial limits allocated:

Total Contract Value	Sign off
Under £25,000	Team Manager
Contracts £25,001 - £75,000	Director / Assistant Director Assistant Director
Contracts above £75,001 and above	Chief Executive, Chief Finance Officer

1.4.4 Procurement Resources

1.4.4.1 Contracts & Procurement Officer

Will be responsible for:

- The Council's Electronic Contract Register which holds all contracts where the estimated contract value is £5,000 and over, including extensions.
- Ensuring safe keeping of an electronic copy of the signed contract is held where a contract is formed in addition to a Purchase Order
- Ensuring all approved exceptions are held on the Contract Register
- Ensuring all Consultancy and Interim appointments are held on the Contract Register
- Ensuring completion of all procurement and contract documentation, including sign off on award/non-award letters for procurements under [EU-FTS](#) threshold

The Contracts & Procurement Officer is authorised to carry out procurement, under [EU FTS](#) threshold, for supplies, services and works on behalf of the Council, and shall ensure that the principles and standards of these CPPR's are complied with. Additional support for procurements over £75,000 will be provided by the Procurement Lincolnshire District Liaison Officer. Advice must be sought from Procurement Lincolnshire with regard to any deviation from the CPPR's and an Exception Report shall be submitted to the Chief Finance Officer for approval.

The Contracts & Procurement officer must check whether a suitable Framework Agreement exists, which can be utilised, before engaging in a Procurement exercise. A framework should be used unless there is a good reason not to, i.e., limited suppliers, timescales, etc., and any reason must be recorded.

The officer must also ensure that any agents acting on the behalf of the Council comply with the CPPR's and all other relevant regulations, and with all UK and [EU-FTS](#) binding legal requirements.

1.4.4.2 Procurement Lincolnshire District Liaison Officer

The Shared Service agreement with Procurement Lincolnshire provides an additional procurement resource to assist the Council with high value or complex procurement enquiries, as required, in particular with focus on procurements over the value of £75,000.

2. EXCEPTIONS TO COMPLIANCE WITH THE CONTRACT & PROCUREMENT PROCEDURE RULES

Exceptions are provided in circumstances where the Chief Finance Officer (Section 151 officer) believes an alternative route to normal tendering procedures is required.

Exceptions may be necessary because of an unforeseen event has occurred whereby there may be immediate risk to persons or property, or potential serious disruption to Council services.

Exceptions are not a substitute for occasions where procurement planning has not been exercised and there is insufficient time to undertake a competitive process.

The exception report shall be completed by the Contracts & Procurement Officer and

submitted to the appropriate authority for approval as follows:-

- The appropriate Committee or Full Council if:
 - The value of the contract is over ~~EU threshold~~FTS threshold and approval has been given by Legal Services and/or Procurement Lincolnshire; and
 - The tendering exercise would not achieve best value.
- The Management Team (one member to sign on behalf of) if:
 - The potential value of the contract is between £75,000 – ~~UK EU FTS~~UK EU FTS threshold; and
 - A quotation or tender differs marginally from the specification but nevertheless represents the best value for West Lindsey; or
 - There is only one potential supplier or contractor.
- The Chief Finance Officer if:
 - The value of the contract is below £75,000; and
 - The requirement is of an urgent nature; or
 - Social value is of high importance; or
 - There is only one potential supplier or contractor; or
 - There are unforeseen events.

All exceptions shall be recorded on the Councils' Contract

Register.

3. JOINT COMMISSIONING

When the Council jointly commissions services with other public sector bodies, the following procedures shall apply:-

- The parties concerned will decide which of them is to act as the lead authority for the purposes of the particular service that is to be commissioned;
- The procedures for the procurement of services of the lead authority shall be followed;
- All participating authorities will be issued with a signed copy of the agreement.

Contracts entered into through collaboration with other public sector bodies, where a competitive process has been followed that complies with their equivalent to the CPPR's will not require an exception from this Council's CPPR's.

4. APPOINTMENT OF CONSULTANTS, INTERIM STAFF AND TEMPORARY STAFF

Consultants

Definition – a person who provides expert knowledge and advice in a particular field

Where, it is considered necessary to appoint a consultant to provide the services to the Council the following procedure shall be undertaken.

The Service shall submit a report to the Management Team setting out:

- The nature of the services for which the appointment of ~~a Consultant~~ Consultant is required;
- The estimated Total Contract Value of the services;
- The preferred Procurement route (RFQ, tender, framework);
- That no employee of the Council has been identified with the capacity or availability to undertake the services;
- The identified budget availability as agreed with Finance.

If it is the opinion that the nature of the services required is so specialist that fewer than three Applicants would be able to provide the services the officer must record in writing the reason why the services are so specialist and, subject to the approval of the Management Team, may send the invitation to one/two Applicant(s) only.

If permission is granted, an RFQ/Invitation to Tender for the provision of consultancy services must include as a minimum:

- a specification for the services;
- a questionnaire seeking details of the applicant's experience in providing similar services;
- the Council's standard contractual terms on which it is intended to appoint the consultant to provide the services; and
- the Award Criteria.

The estimated Total Contract Value will dictate which Procurement route is applicable.

The Service will, in liaison with Human Resources, obtain responses in line with the identified procurement route, for evaluation. Human Resources will ascertain as to whether IR35 (intermediaries legislation) will apply.

Where it is deemed that IR35 will apply, the status check report and cost implications of such appointment must be highlighted. No consultant is to be appointed without confirming if the IR35 rule applies to an engagement.

IR35 is legislation which affects Tax and National Insurance contributions relating to appointments whereby consultants are contracted to work through an intermediary.

The intermediary can be:

- a limited company;
- a service or personal service company; or
- a partnership

The potential candidates will be evaluated and HR will then carry out the relevant checks and assurances. The Service will then submit a final report to the Management Team detailing the proposed appointment and costs for approval. If approved, the successful candidate will then be engaged. HR will then ensure the contract documentation is completed.

Once the consultancy assignment is completed, the Service must submit a report to the Management Team detailing the total cost of the engagement, the benefits and whether the aims and objectives were achieved.

Interim Staff

Definition – a person employed for a set period of time, experienced professional with

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niche skills, able to cover long term leave or manage a project

Where, it is considered necessary to appoint an interim to provide long term cover for an existing post within a Service the following procedure will be undertaken.

The officer must submit a report to Human Resources and Financial Services setting out:

- The nature of the services for which the appointment of an Interim is required;
- The estimated Total Contract Value of the services;
- The preferred Agency route (No. of CV's in line with thresholds)
- That no employee of the Council has been identified with the capacity or availability to take over the post;
- The identified budget availability as agreed with Finance.

Where the interim resources is for additional capacity or for specific project delivery, the officer must submit a report to the Management Team setting out the items as detailed above.

If permission is granted, an RFQ/Invitation to Tender for the provision of interim services must include as a minimum:

- a specification for the services;
- a questionnaire seeking details of the applicant's experience in providing similar services;
- the Council's standard contractual terms on which it is intended to appoint the interim to provide the services (unless a framework route); and
- the Award Criteria.

The estimated Total Contract Value will dictate which Procurement route is applicable. The potential candidates will be evaluated and HR will then carry out the relevant checks and assurances. The successful candidate will then be engaged. HR will then ensure the contract documentation is completed.

Where the employment of a Consultant or Interim is estimated to attain a value of £5,000 or over, an entry shall be made on the Council's Contract Register.

HR will ensure that all documentation relating to the appointment and engagement of a Consultant or Interim will be stored in a secure environment.

Temporary staff

Definition – a person hired through an agency to cover unexpected short term defined work.

The Service Manager will complete a vacancy request form. It will be assessed by Finance for budget requirements and if approved, will then be forwarded to Human Resources (HR) to source suitable agencies. The number of CV's required will be dependent on the budget (see procurement thresholds for quotes).

HR will complete relevant employment checks and advise the Service on the most suitable candidate. If the candidate is self – employed through an agency the Service will be required to sign the agency contract. If the candidate is not self-employed through an agency, HR will complete the council agency contract document and arrange for a signature from the successful candidate.

5. E-PROCUREMENT

Electronic tendering is the compliant method of carrying out an Invitation to Tender (ITT) or Request for Quotation (RFQ) process where the value of the contract will be £5,000 and above.

When calculating the expected value of a contract, the final cost will be identified through the total capital and/or revenue expenditure over the projected life of the contract; this will also include any extension periods. If dealing with open-ended contracts the total value should be costed over a ~~four-year~~four-year period.

The electronic tendering portal has a Contract Register and Contract Management module within. It will be the responsibility of the Contracts & Procurement Officer to ensure the register is up to date, all awarded contracts are published and contract management is in place. It will be the responsibility of the Service to ensure all relevant documentation relating to the contract management is uploaded, and the contract is managed through to end of contract term.

6 STEPS PRIOR TO PROCUREMENT

Before engaging in a procurement resulting in a Contractual arrangement, the following must be considered:-

- Is the proposed contract in line with the Council's Corporate Plan, aims and objectives?
- Has it been identified as part of business planning?
- Is there a budget in place or will one need to be approved?
- Have all options for delivering the contract been explored?
- Has a collaborative opportunity with other local authorities been explored?
- Will the proposed contract provide value for money in line with good quality?
- Will this procurement secure any wider social, economic and environmental benefits for the West Lindsey District (Social Value)?

For potential procurements not already identified and approved by the Management Team through the Business and/or Service Plans and are considered to be outside 'Business as Usual', these must be authorised through a Business Case detailing:

- The need
- The value
- The objectives
- The risks
- The governance and data protection
- The market
- The most appropriate procurement method
- The resources required for procurement process
- The resources required for ongoing management and monitoring of the

contract 6.1 Social Value

Procurements should consider how the contract will impact on the economic, social value and environmental wellbeing of the district and Lincolnshire as a whole, as required by the Public Services (Social Value) Act 2012.

Where necessary, the council should consider as part of an assessment:

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- How the proposed procurement might improve the economic, social and environmental well-being of the relevant area
- How, during the development of the procurement documentation, the potential improvements can be incorporated, to secure delivery
- Whether any consultation is necessary

6.2 Local Suppliers

For the purpose of these regulations a local supplier is defined as those “who’s trading premises are located in Lincolnshire and/or a ~~20-mile~~20-mile radius of the County”.

6.3 Using a Framework Agreement

A public sector framework agreement gives buyers the flexibility to order services and products from private sector suppliers multiple times without going through the full tender application process more than once.

The purchasing organisation (the buyer) can call off from a framework by either Direct Award or Further Competition according to the detail of the Call-Off procedure included in the contract documentation. As a framework has already satisfied the procurement procedures included in an OJEU tendering process they can often be a faster route to procurement.

However, for a Direct Award the requirements of the buying organisation must be precise in detail with that within the framework, this means no change to specification, terms and conditions, standards, price and costs, payment terms etc. Documentation for either a Call-Off or Further Competition is often supplied by the Framework Contracting Authority and part of the framework portfolio documents.

Prior to any procurement the officer responsible for carrying out the procurement activity must consider as to whether there are any frameworks available and suitable for meeting the buying organisations purchasing need.

Engagement of a supplier and formation of a contract must be executed in accordance with the framework procedures (it is the Call-Off order that forms the contract within the Framework). Officers must ensure that they fully understand the terms and conditions, are familiar with and understand all of the Framework and Call-Off procedures documentation along with buyer eligibility before using the framework.

To make a direct award the buying organisation must be able to differentiate amongst suppliers and demonstrate a value for money approach.

6.4 Grant Monies

Procuring contracts using external grant monies can involve additional regulatory requirements and additional scrutiny. It is therefore mandatory that both the Service and officer responsible for conducting the procurement are fully conversant with all of the requirements of the relevant funding bodies and identify any risks in a pre-procurement risk register.

The Procuring Officer shall ensure they engage with Procurement Lincolnshire to

maintain assurance that the correct process is followed and any additional guidance is provided.

6.5 State Aid

~~State aid is any advantage granted by public authorities through state resources on a selective basis to any organisations that could potentially distort competition and trade in the European Union (EU).~~

~~The definition of state aid is very broad because 'an advantage' can take many forms. It is anything which an undertaking (an organisation engaged in economic activity) could not get on the open market.~~

~~State aid rules can (among other things) apply to the following:~~

- ~~• Grants~~
- ~~• Loans~~
- ~~• Tax breaks, including enhanced capital allowances~~
- ~~• The use or sale of a state asset for free or at less than market price~~

~~The rules can apply to funding given to charities, public authorities and other non-profit making bodies where they are involved in commercial activities.~~

~~Prior to undertaking any tender the Service must give consideration as to whether there are any state aid implications, advice to be sought from Procurement Lincolnshire.~~

~~Where any state aid implications are found, Legal Services should be consulted before continuing with the procurement.~~

6.5 The Subsidy Control Act requirements

Following the UK's decision to leave the EU, the Government announced, a "new, bespoke regime for subsidy control within the UK" – departing from the EU State Aid rules – that "will be flexible, agile, and tailored to support business growth and innovation, as well as help to maintain a competitive free market economy and protect competition and investment in the UK"

The Act introduces a principles-based and self-assessment focused approach to compliance and places a heavier burden of self-assessment upon public authorities.

Economic activities outside the scope of the Act

- The following activities will not be considered to constitute an economic activity for the purposes of the Act:
 - education services organised within the national education system, which are both funded through public funds and supervised by the Government,
 - education services which are principally funded, whether directly or indirectly, through public resources (including where students, or their

- families, pay fees toward the provision of those services). However, where education services are principally funded through private resources, for example the resources of students and parents, or through the operator's own commercial revenues, these services will be considered economic activities).
- cultural activities which can be accessed by the general public, free of charge. (Though, where the public are required to pay a fee, this does not necessarily entail that the activities are commercial in nature – unless the activity is primarily funded through fees paid by the public), and
 - financing of the construction, development, maintenance and operation of infrastructure and sites used for activities related to culture, heritage and nature conservation, if it is not intended to be commercially exploited.

Identifying whether a financial measure is a subsidy

To ensure there is a benefit to wider society, public authorities may only give subsidies to pursue a specific policy objective which: (i) remedies a market failure, and (ii) addresses an equity concern.

Market failure occurs where market forces alone do not produce an efficient outcome

Before granting the subsidy, public authorities should establish the existence of the market failure, assess its significance, and demonstrate how the subsidy will address the issue so as to provide a more efficient outcome.

Equity objectives seek to reduce disparities between different groups in society or geographic areas – that is, they do not aim to achieve a more efficient outcome, but instead aim to redistribute the benefits of economic activity between different groups or areas. In the context of cultural organisations, this might include subsidies targeted at extending access to cultural or educational amenities and promoting the engagement of disadvantaged or under-represented audiences.

Before granting the subsidy, public authorities should **identify the inequality which they are seeking to address**. Public authorities should use supporting evidence to demonstrate this, including measures or statistical indicators set against appropriate comparators (such as regional or national averages). The public authority should then **identify how the subsidy could act to remedy this inequality**, and ensure that the **policy objective will not be achieved in the absence of intervention**.

What Constitutes a Subsidy ?

In accordance with the Act, there must be financial assistance which:

- is given, directly or indirectly from public resources by a public authority,
- confers an economic advantage on one or more enterprises,

- is specific, such that it benefits one or more enterprises over one or more enterprises with respect to the production of goods or services, and
- has, or is capable of having, an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory.
- Financial assistance is a wide concept and includes any kind of support or market transaction that is considered to have a financial value for the recipient, such as:
 - a direct transfer of funds (such as a grant, a loan or an equity investment).
 - a contingent transfer of funds (such as a loan or rent guarantee).
 - the foregoing of revenue that is otherwise due (such as a tax relief or exemption),
 - the provision of goods or services (for example as a benefit-in-kind), or
 - the purchase of goods or services.
- Subsidy. The Act's definition of "subsidy" resembles the definition under EU State Aid ,acknowledging that the purpose of the new regime is not just ensuring compliance with international treaty obligations, but also managing domestic competition.

Routes

The Act adopts a **more risk-based approach**, notably by providing for different layers of compliance obligations, depending on the category of subsidy which is proposed to be awarded. There is:

- a "streamlined route" for categories of subsidies that are at low risk of distorting competition, trade or investment,
- a "special route" for Subsidies and Schemes of Interest (SSoIs) which have a potential, and Subsidies and Schemes of Particular Interest (SSoPIs) which have a higher potential, of leading to undue distortion and negative effects on domestic and / or international trade, competition or investment, and
- a "default" route, which will apply to all other subsidies.
- Subsidy. The Act's definition of "subsidy" resembles the definition under EU State Aid rules – though with an (inevitably) added focus on competition within the UK, acknowledging that the purpose of the new regime is not just ensuring compliance with international treaty obligations, but also managing domestic competition.

Subsidy Control Principles

- The Act sets out seven subsidy control principles – six of which the UK is already bound to comply with under the TCA (and which are themselves very similar to the EU State Aid laws) and one additional principle which focuses on the protection of the UK internal market.
- Public authorities will need to ensure that they consider these principles when designing a subsidy, and must not grant a subsidy unless they are of the view that it is consistent and complies with the principles.

- **The Seven Principles**

1. Subsidies should pursue a specific policy objective in order to remedy an identified market failure or address an equity rationale (such as local or regional disadvantage, social difficulties or distributional concerns).

2. Subsidies should be proportionate to their specific policy objective and limited to what is necessary to achieve it.

1. Subsidies should be designed to bring about a change of economic behaviour of the beneficiary. That change, in relation to a subsidy, should be conducive to achieving its specific policy objective and something that would not happen without the subsidy.

4. Subsidies should not normally compensate for the costs the beneficiary would have funded in the absence of any subsidy.

- 5. Subsidies should be an appropriate policy instrument for achieving their specific policy objective and that objective cannot be achieved through other, less distortive, means.

6. Subsidies should be designed to achieve their specific policy objectives while minimising any negative effects on competition or investment within the United Kingdom.

7. Subsidies' beneficial effects (in terms of achieving their specific policy objective) should outweigh any negative effects, including, in particular, negative effects on competition or investment within the United Kingdom and / or international trade investment.

Subsidies and schemes relating to the energy and / or the environment must be also assessed against further energy and environment principles.

Transparency requirements

- Transparency is a fundamental part of the Act, the policy rationale of course being that public disclosure of key details about subsidies and schemes will promote open and fair competition, and accountability.
- **The transparency rules require public authorities to upload details of both subsidy schemes and standalone awards which exceed £100,000 to a database maintained by BEIS.**
- The details must be uploaded within three months of the public authority's confirmation of its decision to grant the scheme or award, unless the subsidy award is given in the form of a tax measure – in which case the upload deadline is one year beginning with the date of the tax declaration.
- The Act provides the Government with the ability to set the transparency rules by regulations, which may change the thresholds at which details of subsidies must be uploaded to the database as well as the deadlines within which those details must be uploaded. For now, Section 34 of the Act sets out the information which must be uploaded to the database.

Exemptions

- Minimal Financial Assistance (MFA) and Services of Public Economic Interest Assistance (SPEI). Similar to the EU State Aid regime's "de minimis" provisions, MFA allows public authorities to award low value subsidies. To rely on MFA, no recipient can receive more than £315,000 over the "applicable period".

The applicable period is: (i) the elapsed part of the current financial year (ie from 1 April), and (ii) the two financial years immediately preceding the current financial year.

SPEI relates to essential services provided to the public such as postal services, social housing and certain transport networks. To designate a service as an SPEI, the public authority must be satisfied: (i) the service is provided for the benefit of the public, and (ii) the service would not be provided, or would not be provided on the terms required, by an enterprise under normal market conditions.

If a subsidy qualifies for MFA or SPEI, the public authority will not need to comply with the majority of the subsidy control requirements – but will still need to comply with the applicable transparency requirements.

Emergencies

There are exemptions to the subsidy control requirements in relation to certain subsidies given in exceptional circumstances. These exemptions exist to allow public authorities to respond to natural disasters, national or global economic emergencies, national or global economic emergencies, or for reasons of national security and financial stability.

Prohibitions

The Act prohibits some categories of subsidy outright. These are as follows:

- Unlimited Guarantees. A subsidy that would guarantee an unlimited amount of liabilities or debts, or which would guarantee a finite amount of liabilities or debts but over an indefinite period.
- Export performance. A subsidy that is contingent in law or fact, whether solely or as one of several other conditions, upon export performance relating to goods or services.
- Use of domestic goods or services. A subsidy that is contingent on the use of domestically produced goods or services.
- Relocation of activities. A subsidy which contains a condition requiring the recipient to relocate, where that relocation would not occur without the subsidy.
- Ailing or insolvency enterprises. A subsidy which has as its purpose the rescue or restructuring or provision of liquidity to ailing or insolvent enterprises, deposit takers or insurance companies.

- o Other. There are other specific prohibitions and requirements for subsidies for insurers that provide export credit insurance, or for air carriers for the operation of routes.

New Subsidy Advice Unit (SAU)

- The SAU has been established within the Competition and Markets Authority (CMA) to provide independent advice on those subsidies or schemes that have greater potential to lead to undue distortion and negative effects on domestic competition or investment, and / or on international trade or investment.
- Where a subsidy or scheme meets or has the potential to meet the definition of a SSoPI, public authorities must refer their assessment to the SAU for independent evaluation. Public authorities must not grant the subsidy until: (i) the SAU's advice is published; and (ii) the expiry of a short five working day cooling off period.
- Where a subsidy or scheme meets or has the potential to meet the definition of a SSol, public authorities may make a voluntary referral to the SAU for advice. The SAU has discretion to decide which SSols it will review.
- the SAU does not have the power to prohibit the making of any subsidy or scheme – its role is advisory only. It will therefore be for public authorities to decide whether to follow the advice of the SAU. However, the advice of the SAU will be published and be available for the public to view free of charge. So, where the SAU's advice is not followed, the risk of a successful legal challenge of the public authority's decision to grant a subsidy may increase.

Competition Appeal Tribunal (CAT) to hear applications to review subsidy decisions

The CAT has been granted jurisdiction to review subsidy control decisions.

Interested party. An "interested party" can ask the CAT to review a subsidy decision. An interested party is anyone whose interests may be affected by the giving of the subsidy or making of the scheme. Interested parties would typically include: (i) competitors of the recipient of the subsidy, (ii) trade associations active in the relevant sector, (iii) local administrations, and (iv) the Secretary of State.

An interested party can also ask the public authority for information about the subsidy by way of a "pre-action information request". This must be made in writing, stating that the request is made only for the purpose of deciding whether to apply for review of a subsidy decision. The public authority must respond to pre-action information requests within 28 calendar days, but may impose some proportionate restrictions on the information provided (for example to protect commercially sensitive information, confidential information, information subject to legal privilege and information that would be contrary to the public interest to disclose).

6.6 Information Governance and Data Protection

The Contracts & Procurement Officer, when engaging in any procurement process, must consider as to whether any of the requirements of the General Data Protection Regulations
Reviewed April 2021, amended under delegation May 2022

2018 will apply. If it is anticipated that personal data is to be processed, the officer must ensure that safeguards are built into the tender documentation and assessed, where appropriate, as part of the evaluation.

6.7 TUPE

When undertaking a procurement exercise, consideration must be given as to whether any Transfer of Undertaking (Protection of Employment) TUPE issues may arise. Human Resources and Legal should be consulted before the procurement process commences.

7 THRESHOLDS

The following table shows the financial threshold levels which include

VAT.

~~for~~ Procurement: Goods and Services

up to £5,000	one written estimate/quotation (email included)
£5,001 - £30,000	two quotations
£30,001 - £75,000	three independent quotations (no group relationship) (RFQ)
£75001 – FTS EU threshold (£189,330213,477)	four independent quotations (no group relationship) (RFQ)
over £189,330213,477	full EU -tender process (ITT)

Procurement: Works - ~~contracts~~ as above until

£189,330213,477.00 - £4,733,2525,336,937.00	Five independent quotations (no group relationship) or by advertisement
Over £4,733,2525,336,937.00	full EU -tender process (ITT)

Compliance with the CPPR's must not be avoided by disaggregating spend into lesser values.

Electronic tendering must still be used for quotations £5,000 and above

8 BELOW ~~FTS~~~~EU~~ THRESHOLDS FOR PROCUREMENT OF SERVICES

8.1 Selecting the Correct Process

When engaging in any procurement the Service must ensure that good quality and best value is obtained for West Lindsey.

Contracts up to £5,000

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Minimum of one written quotation is required for services and goods, which includes similar types of process (e.g. looking up from a catalogue). An email will be acceptable for a value up to £5,000.

- A local supplier shall be used where appropriate.
- The form of contract will be a completed West Lindsey District Council Purchase Order raised through the Financial Management System Purchasing Module.

Contracts from £5,001 to £30,000

- Procurement of contracts for £5,000 and over shall be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from a Team Manager or Management Team.
- A minimum of two written quotations is required. One of the quotations shall be from a local supplier, where possible, and a local supplier shall be used if they provide the most economically advantageous offer.
- The minimum requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module. An accompanying letter or email, cross-referenced to the order, should give further details if necessary. For the higher value ~~contracts~~contracts, it may be pertinent to have a formal contract document signed by both parties.
- Awarded Contracts of £5,000 and over shall be published on the Contract Register.
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.
- The Service will be responsible for updating the contract on the management module through the term of the contract.

Contracts from £30,001 to £75,000

- Procurement of contracts for £5,000 and over shall be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from the Chief Finance Officer
 - **Procurement at this level has two options.**
 - **Option 1 – Seek a minimum of three written quotations.**
 - **Option 2 – Advertise the opportunity on Find a Tender and Contracts Finder. This process will be conducted through the Open, Restricted or Reserved Procedure.**

- Quotations must be based on a Request for Quotation (RFQ) document including a written specification with Terms and Conditions.
- The Service will be responsible for updating the contract in the management depository through the term of the contract.
- The requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module and a formal contract document signed by both parties.
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.

Contracts from £75,001 up to the **FTS EU** Threshold

- Procurement of contracts for £5,000 and over must be carried out through the Electronic Tendering Portal.
- Pre-Procurement approval is required from the Management Team.
- **Procurement at this level has two options.**
 - **Option 1 – Seek a minimum of four written quotations.**
 - **Option 2 – Advertise the opportunity on Find a Tender and Contracts Finder. This process will be conducted through the Open, Restricted or Reserved Procedure.**
- Tenders over £75,000 should be coordinated by Procurement Lincolnshire, with all tender documentation issued electronically by and returned to the relevant officer as advised by Procurement Lincolnshire.
- The requirement for the form of contract will be a properly completed official West Lindsey District Council order raised through the Financial Management System Purchasing Module and a formal contract document signed by both parties.
- Awarded contracts over £25,000 shall have an award notice published on Contracts Finder within 30 days of sign off of contract documentation by both parties.

8.2 Request for Quotations (RFQs)

RFQ's are the Council's preferred method of undertaking procurement within the value thresholds identified in section 7.

As a minimum, quotation documentation must include the following details as a minimum:-

- A date and time for the receipt of the quotations;
- Specification
- Pricing schedule (including any discounts or deduction options);
- The period over which the contract is to be performed;
- The timing of the supply;
- Arrangements for payments;

- Terms and Conditions from the Councils' Standard Terms and Conditions for Services or Works:
- Any requirement specific terms and conditions
- Evaluation criteria and award

procedure. In addition, the RFQ can also

include:-

- Management and Monitoring requirements and service levels;
- Quality or outcomes required;

The quotation must also state that the Council is not bound to accept any tender or quotation.

All Quotations with an estimated value of £5,000 and over, should be received electronically through a secure vault. If this option is not practical quotations can be received in a plain sealed package by the date and time previously specified. They must be marked "Quotation for" with the name of the contract but with no mark to identify the sender.

If quotations are received through an electronic vault they are to be opened by the Contracts & Procurement Officer or other designated procurement officer.

If quotations are received in hard copy, they are to be endorsed with the date and time of receipt and kept by the Contracts & Procurement Officer in a secure place until the time of opening.

Quotations (hard copy) are to be opened at one time by the Contracts & Procurement Officer and witnessed by another officer with a record being kept of all quotations.

Quotations received after the time specified or in envelopes/packages which identify the sender may not be considered.

Any anomalies or apparent errors in the quotation will be clarified by the Contracts & Procurement Officer and a record of the outcome kept on file.

The Council should accept in writing the quotation that represents the best value for West Lindsey.

8.3 Reserved Contracts

There is now an option to carry out a procurement below EU-FTS threshold under 'Reserved Contract' status. This means that contracting authorities can now reserve the procurement for suppliers by location, SME's or third party organisations, (the supplier will need to have substantive operations in that County but is not required to have its corporate headquarters there), there are constraints in terms of what must be included in the procurement documentation and advertising requirements. In addition, the contract length can be no more than 3 years.

The thresholds for reserved contract is:

Supplies & Services - £189,330,213,477

Works - £4,733,2525,336,937

Remember: this is inclusive of VAT

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8.4 Approved Lists

Approved lists may be used in conjunction with RFQ's to select Economic Operators. Approved lists may be used when recurrent transactions need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise.

Approved lists may not be used if the estimated total aggregated spend for contracts to be placed under the approved list, over a ~~48-month~~48-month period, may exceed the relevant EU threshold. When this might occur, a Dynamic Purchasing system or Framework agreement would be a more suitable and compliant approach.

Suppliers to be entered onto an Approved List must have both their financial and technical ability assessed to ensure they are fully able to comply with the requirements.

The list shall be reviewed annually and re-advertised at least every three years. The review will consider the financial, technical ability and performance of those suppliers on the list.

Suppliers no longer qualified will be deleted from the list with a written record kept justifying the deletion.

Suppliers may be entered onto the list at any time between advertisement and re-advertisement as long as they comply with the requirements.

On re-advertisement, all suppliers currently on the list must be invited to reapply.

All Approved Lists must be transparent, non-discriminatory and proportionate. The lists must also be available for public inspection.

8.5 Invitation to Tender (ITT) Below Threshold

If it is considered that the RFQ process will not deliver the required outcome, a full tendering exercise may be undertaken.

If the total contract value is estimated to be below EU-FTS threshold (inc. VAT), the Invitation to Tender (ITT) should follow an Open procedure. This a single stage tender process where all bidders submitting a response will be evaluated, there will be no assessment of bidders, through a Standard Selection Questionnaire (SSQ) for the purpose of reducing the numbers of bidders invited to bid for the contract

For works contracts which are above the Services EU-FTS threshold and below the Works ~~QJEU-FTS~~EU-FTS threshold, a Restricted Tendering process is permitted by the Public Contract Regulations 2015, which means an SSQ can be included in the tendering process.

8.6 Total Contract Value

The total contract value will need to be estimated in order to identify the correct procurement process. All total values will ~~exclude~~include Value Added Tax.

The value will be calculated as follows:

Fixed Term contracts – total estimated value of the supplies, services or works to be supplied over the period including extensions.

Indeterminate Length contracts – estimated annual value for ~~4-year~~4-year period. Continuance of these contracts will only be permitted after a cost review and best value assurance has been ascertained on a periodic timescale.

Consultancy contracts – daily rate multiplied by duration of assignment

Concession Contracts – estimated total value of concessionaire's total turnover generated over the duration of the contract

Framework agreements – estimate of the total throughput expected to be placed through the framework in order to provide some additional capacity for unexpected requirements.

Periodic purchases for the same requirement, from the same or different suppliers, must be aggregated over a minimum ~~12-month~~12-month period.

Where the Council is only making a part payment, the value from all contributors must be totalled to obtain estimated total value.

9 ABOVE OJEU-FTS THRESHOLD PROCUREMENT

Where the estimated total contract value is over the EU-FTS threshold, advice must be sought from Procurement Lincolnshire.

There are several tender procedures ~~available:-available:~~ - Open procedure, Restricted procedure, Competitive Dialogue, Competitive Procedure with Negotiation, Innovation Partnership.

In an Open procedure all bidders will be evaluated. In other procedures bidders will be de-selected at SSQ stage, prior to completion of the full tender document. Bidders should also be informed of the reasons for de-selection in a pre-tender shortlisting process, at the point of de-selection.

For the higher value procurements, Procurement Lincolnshire recommend a strategy is written to determine the planned approach of cost-effectively purchasing the Council's required supplies, taking into consideration several elements and factors such as the background, scope, outcomes, procurement route options, selected route, timeline for procurement, checklist, funding, budget, the projected risks and opportunities, among others.

Above OJEU-FTS procurements must be published on Find a Tender (FTS) and Contracts Finder (CF). Once the tender is awarded and contracts have been signed, an award notice must be published on FTS and CF.

9.1 Standard Selection Questionnaire (SSQ)

The SSQ is structured in 3 separate parts:

- Part 1 of the SSQ covers the basic information about the supplier, such as contact details, trade memberships, details of parent companies, etc.

- Part 2 covers a self-declaration regarding whether or not any of the exclusion grounds apply.
- Part 3 covers a self-declaration regarding whether or not the company meets the selection criteria in respect of their financial standing and technical capacity.

A Part 1 and Part 2 declaration is mandatory from potential suppliers to declare that they have not breached any of the exclusion grounds.

If a potential supplier, or any organisation has breached any of the exclusion grounds, the organisation has the opportunity to explain how and what action they have taken to rectify the situation (this is called self-cleaning).

You must not add to or change the questions in Part 1 or Part 2 of the Standard Selection Questionnaire. Deviations are permissible for the supplier selection questions in Part 3, but must be reported.

9.2 Standards and Award

The Award Criteria is used to determine which of the Bidders will be awarded the contract and they are assessed as part of the ITT.

Public contracts must be based on the Most Economically Advantageous Tender 'MEAT'. Award Criteria must be designed to secure a sustainable outcome which represents Value for Money and quality for the Council.

Award criteria can be:

- Lowest price or total cost
- Based on specified qualitative, environmental or social criteria
- Best price/quality ratio

It may also include:

- Quality, including technical merit, aesthetic and functional characteristic, accessibility
- Innovative characteristics
- Organisation, qualification and experience of staff assigned to performing the contract
- After sales service and technical assistance, delivery conditions and process

It must not include:

- Non-commercial considerations i.e.,
 - Terms and conditions of employment by suppliers of their workers
 - Terms on which ~~suppliers~~suppliers' contract with their sub-contractors
 - Suppliers business activities or interests with other areas of government
 - Conduct of suppliers or workers in industrial disputes
 - Any political, industrial or sectarian affiliations or interests of suppliers
 - Financial support or lack of, by the suppliers for any institution to or from which the authority gives or withholds support
 - Workforce matters and industrial disputes
 - Use or non-use by suppliers of technical or professional services provided by the authority under the Building act 1984.

- Matters which discriminate against suppliers from the European Economic Area or signatories to the Government Procurement Agreement
- Selection/Suitability Criteria

9.3 Communication with Suppliers

All communication with suppliers will take place through an electronic tendering portal.

The Contracts & Procurement Officer or Procurement Resource will publish all documents relating to the procurement. No substantial modification to the documentation is permitted once it has been published.

No verbal communication regarding the documents must be undertaken with bidders during the tender process. Communication must be conducted through the electronic tendering portal.

If a competitive dialogue process is used, oral communication is permitted within the dialogue phases of the procurement. Advice should be sought from Procurement Lincolnshire before this process is undertaken.

9.4 Undertaking a Tender

When considering a tender process, it is in the Council's interest to ensure that the Bidders are given sufficient time in which to prepare ~~and submit~~ and submit a tender and that as much relevant information is disclosed to allow Bidders to submit a competitive offer.

The Invitation to Tender (ITT) must include:

- A specification – this must describe clearly the council's requirements
- Any ~~proposed contract~~ proposed contract mobilisation or implementation
- A process to enable the Council to ensure the Supplier meets its obligations
- Exit strategy and potential decommissioning
- A statement that the council is not bound to accept any tender received
- Timeline for the procurement process, including clarification deadlines and process for return of tenders through the electronic tendering portal
- The award criteria and weightings where relevant
- The evaluation procedure
- The Form of Tender and collusive tendering certificate

9.5 Clarifications Prior to Submission

During the tender process, Bidders are allowed to submit questions regarding the tender documentation. All questions are to be submitted through the electronic tendering portal. The Council will then respond through the portal ensuring both the clarification and response is shared with all Bidders, except when the response would disclose confidential Bidder information.

9.6 Presentations

Presentations are no longer permitted to be assessed as part of the procurement process unless presenting is a material component of the specification.

The evaluation of presentations must be defined within the Award Criteria of the ITT and the following undertaken:

- ~~Contemporaneous notes~~ Contemporaneous notes collected are detailing collected all detailing questions all responses questions, and responses points and points raised
- Questions to be concentrated on the evaluation requirements

9.7 Evaluations and Scoring

Tenders shall be evaluated, recorded and awarded in accordance with the Award Criteria detailed in the RFQ or ITT, and the award criteria and any sub-criteria should be kept to a minimum to enable the evaluation process to be more manageable.

The evaluation and scoring meeting will be chaired by the Contracts & Procurement Officer or pProcurement resource from Procurement Lincolnshire, the Chair is not allowed to be part of the evaluation panel.

The evaluators must evaluate the Bidder submission alone, no other documentation or knowledge of the Bidder can be included, and the written record must demonstrate why the highest scoring Bidder provided the best submission.

Evaluators are required to reach a consensus score with agreed comments. The scores and comments for all the Bidders shall be objective and in line with the Award criteria. Any commentary may be disclosed to Bidders if there is a legal challenge and the evaluation process is an activity where the risk of challenge is high.

9.8 Clarifications During Evaluation

Any unclear or ambiguous aspects of the bids shall be clarified with the Bidder through the electronic tendering portal. Clarifications during the evaluation process shall not be used to extract additional components of the bid, but to ascertain the extent of the Bidder's offer.

Any response subject to a clarification request by the council shall not be scored until the clarification has been received.

9.9 Award

Where the estimated total value of the contracts exceeds the EU threshold, all Bidders shall be informed of the intention to award to the successful bidder. A Standstill period of 10 calendar days will be in force after the notification to allow unsuccessful bidders to challenge the decision.

Once the ~~10 day~~ 10-day period has expired, the contract may be formally awarded to the successful supplier. Contract documentation ~~will then~~ will then be drawn up for signatures.

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If the decision is challenged the Council will immediately inform Procurement Lincolnshire for advice.

In the case of unforeseen circumstances outside the control of the Council, the ~~10-day~~10-day standstill period can be waived, after confirmation with Legal Services and Procurement Lincolnshire.

The Contracts & Procurement Officer or Procurement resource will inform all bidders of the reason for the award and provide feedback. This must include:

- The award criteria;
- Scores for the relevant sections of the tender for the bidder who is to receive the debrief;
- The deadline for the standstill period and the date after which the council is able to award the contract;
- Evaluation commentary for the Bidder
- Name of the winning Bidder
-

10 ~~REPORTING REQUIREMENTS~~REPORTING REQUIREMENTS

It is a requirement of the Public Contract Regulations, on completion of an over ~~EU-FTS~~ threshold tender process, for a written procurement report to be drawn up, to include at least:

- Name and address of the contracting authority, subject matter, and value of contract
- Names of selected bidders and reasons for selection
- Names of deselected bidders and reason for deselection
- Name of successful bidder and reasons why its tender was selected
- Justification for use of competitive procedures with negotiation and competitive dialogues in accordance with ~~R~~Regulation 26 (PCR's)
- Justification for use of negotiated procedures without prior publication, in accordance with ~~R~~Regulation 32 (PCR's)
- The reason for non-award of contract
- The reason for not using the electronic tendering portal
- Any conflicts of interest identified and measures taken.

A copy of the report must be submitted to the Cabinet Office or European commission on request.

Sufficient documentation must be kept to justify all decisions taken in all stages of the procurement process.

The documentation must be kept for a minimum of 12 months for records of unsuccessful tenders and 6 years in relation to the successful tender.

11 CONTRACT FORMATION

Every contract, including the appointments of consultants or interims, with a total contract value of £5,000 and above, including extensions, must be recorded on the Council's ~~Contract Register~~

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electronic Contract Register.

No amendments can be made to the contract, or terms and conditions, without first consulting Legal Services or Procurement Lincolnshire. Any amendments agreed during the clarification process will be stated in the clarifications list as an Appendix to the contract document.

Every contract must clearly state appropriate governance obligations where it involved the processing of personal data.

Procurement Lincolnshire advice must be obtained for contracts involving:

- Leasing arrangements
- Use of supplier terms and conditions
- A total contract value in excess of £75,000
- Complex documentation

12 CONTRACTS SIGNED UNDER HAND

The officer responsible for obtaining the signature for the contracts shall ensure that the person signing it has the authority to do so.

A signature will be required for all contracts up to a total term of 6 years and not in excess of the EU-FTS threshold.

13 CONTRACTS SIGNED UNDERSEAL

A contract should be sealed where:

- The council may wish to enforce the contract for more than 6 years after its end;
- The total contract value is over the EU-FTS threshold
- Legal Advice has been provided to this effect
- Where the Council has paid no consideration for goods or services, or the carrying out of works

14 PREVENTION OF CORRUPTION

Officers engaged in procurement processes must not invite or accept any gift or reward in respect of the award or performance of any contract.

The onus will be on the officer to prove that anything received was not received corruptly.

On submission of tenders, the ITT must include an anti-collusion statement signed by the Bidder, this is a declaration of good standing confirming that the Bidder has not met any grounds for mandatory exclusion.

15 CONTRACT MANAGEMENT

Contract management ensures that a contract delivers what has been specified.

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All contracts, whatever the value, shall require some form of management methodology to be able to evidence that they are: Efficient, Economic and Effective. The Council needs to ensure that the contract is properly delivered and able to maximise value and minimize

risk.

Contract management activities should not wait for a contract award to start. Individuals responsible for performing the contract management function should ideally be involved from the outset to gather and share lessons learned; confirm the contract is fit for purpose and appropriate resources are in place; inform the procurement process; and ensure a successful transition to service delivery.

The precise wording of contracts is crucial so that both the supplier and the Council know exactly who, what, where and how management will be undertaken, a poorly managed contract might incur a financial or reputational risk for the Council.

Successful contract management is underpinned by the following:

- The expected business benefits and financial returns are being achieved;
- The supplier is co-operative and responsive to the Council's needs;
- The Council does not encounter any contract disputes or surprises;
- The delivery of services is satisfactory to both the Council and supplier.

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A hard copy of all contracts over the threshold and/or signed under deed requiring further documentation than a Purchase Order must be kept in a central location and it is the responsibility of the Contracts & Procurement Officer to ensure it is done.

All contracts must have a named Contract Manager for the life of the contract.

16 CONTRACT MONITORING

All contracts will be monitored and reviewed on a regular basis, subject to the requirement. Monitoring is part of the overall management of the contract.

Areas to consider when developing the monitoring processes are:

What will be monitored?

The performance standards required in relation to the outputs or processes must be clearly documented in the specification.

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Who will carry out the monitoring?

This will be dependent on the type, length and value of the contract.

When will the monitoring be carried out?

The frequency will again be dependent of the type, length and value

How will the contract be monitored?

Monitoring methods can involve: measurements & inspections, user monitoring, client monitoring, Contractor monitoring

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Areas for monitoring will include:

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- Adherence of the specification
- Compliance with the terms and conditions
- Attainment of performance standards and service levels
- Change protocol
- Payment arrangements
- User satisfaction
- Data protection

17 CONTRACT VARIATION & EXTENSION

A variation to contract is a mutually agreed amendment to vary the obligations set out in a contract for goods and services. There are many reasons to vary an existing contract. For example, changes in technology, resources, needs of the organisation, market conditions, etc.

Variations can generally be categorised as either administrative or financial:

- administrative variations are changes that do not affect the financial details of the contract, e.g. changes to the billing process, delivery address, personnel assigned to the contract, sequencing of work, performance management and monitoring processes, etc.; and
- Financial variations alter the financial details of the contract, e.g. changes to the price/cost, quantity, nature of the deliverables and terms of the contract (which increase the value).

When addressing variations to contract, ensure that you:

- manage variations or changes to the contract in accordance with the terms and conditions of the contract;
- justify the variation based on documented evidence essential to the delivery of the goods/services;
- do not change the original intent or general scope of the contract;
- consider whether the additional requirements would be better managed under a new contractual arrangement;
- satisfy the core procurement principles; value for money, probity, scalability and accountability;
- put appropriate contract management procedures in place to minimise the need for further variations;
- confirm that sufficient funds are available;
- have the variation signed by both parties to ensure there is a common understanding of the required changes; and
- approve and report, as necessary, any changes to contract terms and conditions through the formal channels.

When there are multiple variations to a contract, consideration should be given to whether to approach the market again should there be a significant shift in the scope of the procurement.

A variation to contract needs appropriate approval. Administrative variations are generally approved by the contract manager/service, whereas financial variations may require approval by MT or Committee.

The Contracts & Procurement Officer must ensure that all variations ~~and extensions~~ to contracts are made in accordance with the provisions included within the contract.

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Any variations to the original contract must not result in a substantial modification or change to exceed 50% of the initial total contract value.

~~All variations and extensions must be within the scope of the original procurement and must be signed by both parties.~~

A copy of any variation or extension must be kept with the original contract documentation.

18 CONTRACT EXTENSION

A contract extension is an agreement to extend the terms of the current contract for an additional period of time, the extension must be agreed and signed off by both the Supplier and the Council. The duration of the extension must be specified in the original procurement and contract documentation.

In some cases, the extension does no more than extend the termination date of the contract, but where the extension has a financial impact on the Council approval will need to be sought.

19 FINANCIAL CONTROL

Where expenditure is expected to exceed the contract price, this should be reported as follows –

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Contract Figure £	Chief Finance Officer (S151) £	Management Team £	Committee £
Up to £25,000	Up to 5,000	Over 5,000 to 10,000	Over 10,000
£25,001 to £75,000	Up to 7,500	Over 7,500 to 15,000	Over 15,000

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Contract & Procurement Procedure Rules

£75,000 above	Up to 10,000	Over 10,000 to 25,000	Over 25,000
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The reporting requirement does not apply where contract growth is in accordance with the provisions of the contract.

Financial Procedures Rules regarding virement still apply to all additional expenditure.