

---

Annex 1
---------

# **Procurement and Contract Standing Orders**

Rules to be followed when buying on behalf of the Council  
May 2019 Issue 8

**Version History**

- Issue 2 April 2007
- Issue 3 April 2009 Issue
- 4 December 2010
- Issue 5 October 2013
- Issue 6 September 2015
- Issue 7 December 2017
- Issue 8 May 2019

## 1. Introduction

The Procurement and Contract Standing Orders ('the Orders') set out how the Council authorises and manages spending and contracts with other organisations. This ensures that prior to any significant expenditure there is proper consideration firstly, of whether there is a need to buy at all and service the need internally or, if external expenditure is required, that it is made in a fair, open and transparent way.

Anyone who buys on behalf of the Council, including staff, contractors and consultants, is responsible for following these Orders, all relevant policies (see appendix 1) and the guidance provided by Procurement. Senior Officers (Heads of Service and above) are accountable for all procurement in their respective area of responsibility. Functions delegated to particular officers under these Orders may be carried out by other officers specifically authorised by them for that purpose.

**Note:** In these Orders, 'You' means anyone who needs to buy from an external supplier. 'Regulatory Threshold' means any relevant threshold applicable to procurement by English law or regulation.

### 1.1. Legal status of these Procurement Standing Orders

The Council is required by section 135 of the Local Government Act 1972 to maintain these Orders as part of the Constitution.

The Director of Procurement is the custodian of these Orders and is responsible for keeping them under review. If the law is changed in a way that affects these Orders, then the Director of Procurement will issue a bulletin and the change must be observed until these Orders are revised. Where there is a difference between current legislation governing procurement and these Orders, the legislation prevails.

### 1.2. Key Principles

These Orders are based on the following key principles:

- a. To ensure that the Council meets its statutory duty to deliver **best value for money** and creates healthy competition and markets for the Goods, Services and Works purchased
- b. To be **transparent** to our residents about how the Council spend their money
- c. To ensure that public money is spent **legally and fairly**
- d. To support **sustainability and social value** objectives, and our public sector **equality** duty, encouraging local small businesses.

### 1.3. Compliance

All officers and any external contractors empowered to form contracts on behalf of the

Council must comply with these Orders at all times. Any breaches will be reported to the Audit and Governance Committee and you may be subject to disciplinary action in line with the Council's Disciplinary Policy.

Every contract made by the Council or on its behalf must comply with applicable laws, these Orders and the Council's Financial Regulations.

#### 1.4. Scope

Apart from the exceptions listed below, these Orders cover all spend with external suppliers regardless of how they are funded or which systems are used to place orders with suppliers. This also includes services sourced from other local authorities or public bodies under the relevant legislation.

These Orders do not apply to the following items, which are managed by separate policies:

<b>Exclusion</b>	<b>Relevant Policy/Law</b>
Contracts for the acquisition or lease of land and/or real estate	Managed via Property Services
Contracts for permanent or fixed-term employment	HR/Recruitment Policies
Works or orders placed with utility companies (e.g. re-routing pipe-work)	This is carried out as part of larger construction contracts
Direct payments to customers following care assessment (for example, payments under Self-Directed Support or Individual Budgets)	Section 12 of The Care Act 2014
Non-trade mandatory payments to third parties, such as insurance claims, pension payments, payments to public bodies	These are not subject to competition due to their nature
A declared emergency authorised by the Emergency Planning Officer	The Civil Contingencies Act 2004
Awarding of Grants	Managed according to locally agreed Grant process or Grant Procedure Rules.
Placement of a child with Special Educational Needs where already directed following statutory assessment	Children and Families Act 2014 and ESFA guidance 2019-20 para 86

## 1.5. Roles and Responsibilities

The Director of Procurement is responsible for the complete process from procurement through to ordering and paying suppliers (known as 'Procure-to-Pay') across all Services and local systems. Any developments in the design of the process require the approval of the Director of Procurement.

The Procurement Service is responsible for:

- a. Working closely with Commissioners and Directors to agree and deliver an Annual Procurement Forward Plan to be authorised by Cabinet
- b. Providing expert market knowledge to find the right suppliers for the Council
- c. Maintaining the contract management framework for how contracts are managed
- d. Taking a commercial lead on all major contracts and relationships with suppliers alongside the Contract Manager
- e. Ensuring transparency over spend, contracts and contract opportunities
- f. Embedding social value and sustainability across the supply chain
- g. Ensuring efficient and effective purchasing practices are in place for all staff
- h. Providing commercial support as required, alongside Legal Services, where a decision has been made to decommission or in-source a service
- i. Ensuring suppliers are aware of, and follow, the Council's Supplier Code of Conduct when bidding and carrying out contracts Anyone who buys is responsible for:
  - j. Complying with these Orders and all relevant policies (see appendix 1)
  - k. Purchasing from existing contracts where they are appropriate and in place
  - l. Ensuring there is adequate budget available for any purchase
  - m. Raising a properly completed purchase order and ensuring it is approved *before* the requirements are delivered to the Council, regardless of which system is used
  - n. Ensuring specifications meet the defined need and requirements and properly take into account equality and diversity as well as social value implications
  - o. Ensuring that HR is consulted and the appropriate approval obtained for requirements of temporary workers or consultants outside any agreed corporate contract
  - p. Following the guidance and procedures set out in the Council Contract Management Framework, according to the value, risk and complexity of the contract

Contracts are to be managed within Services, either by a dedicated contract manager or by a nominated officer who has these responsibilities as part of a broader role.

### 1.6. Annual Procurement Forward Plan

To enable the Council to maintain an accurate oversight of procurement activity across the full range of Council Services, the Director of Procurement is responsible for the development of an Annual Procurement Forward Plan (APFP). This to identify the following:

- a. For each directorate, all contracts over Regulatory Thresholds which are due for extension, renewal or replacement in the coming financial year, and the notice required for this
- b. The aggregate contract value across the life of the contract
- c. The procurement activity required
- d. The expected start date for procurement
- e. The expected start date of any new contract or extension
- f. Whether there is an option to extend the existing contract or not
- g. Whether the spend is capital, revenue or a combination

The APFP must be developed and agreed during the business planning cycle with the Directors of the relevant services, Finance and the Strategic Commissioning Unit. It is then submitted to Cabinet for approval. Once approved, the procurement activities listed in the APFP may proceed without the requirement for further approval provided the outcome is within +/-5% of the budget agreed with Finance when each procurement begins.

Where the outcome is not within these budget parameters, this must be reported as required in table 2.7a for approval in the case of overspend above 5%, or for information in the case of a saving greater than 5% being delivered. In the case of overspend the contract award must be put on hold pending approval.

If need arises during the year for procurement activity on contracts over the Regulatory Thresholds which have not been pre-approved through the APFP, then Approval to Procure must be sought by the Head of Service concerned before any procurement activity may begin. For capital projects, approval can be given by the capital programme panel then as below. For revenue projects, approval can be given as below:

Value under £1m	Head of Procurement (SCC), Executive Director in consultation with Portfolio Holder, and S151 Officer
-----------------	---

Value over £1m	Head of Procurement (SCC), S151 Officer and Cabinet
----------------	---

## 2. Finding and contracting with Suppliers

### 2.1. Purchase Orders

Once you have found the right supplier as required by these Orders, you must not make verbal commitments but must raise a Purchase Order (via SAP or equivalent service-specific system). This must be approved in accordance with the Council's Financial Regulations before it is sent to the supplier, and before any goods or services have been received. Details of financial approval levels are available on the Intranet.

### 2.2. Using Purchase Cards

The Council makes use of general Purchase Cards, which are effectively like credit cards and are used to make small purchases in a wide range of situations.

You must use purchase cards only as set out in the 'Purchase Card Rules and Guidance', unless otherwise agreed in writing by Procurement, or in life-critical circumstances (see also section 4.2).

### 2.3. Temporary Staff, Consultants and Professional Services

Procurement works closely with HR to manage the Council's temporary workforce needs. This applies to any appointment that is outside the Council's direct employment arrangements. No temporary worker, agency, consultant or consultancy company may be procured or engaged outside of the existing framework without prior approval from HR.

A consultant is a person (not an employee), agency or firm engaged for a limited period of time on a project or requirement specific basis to carry out a specific task or tasks which meet a desired set of outputs or outcomes. A consultant provides subject matter expertise, support and/or experience to the Council either because it does not possess the skills or resources in-house or requires an independent evaluation/assessment to be made.

This definition excludes:

- a. Agency staff, interim or role specific duties which should be sourced through the Council's Corporate Contract.
- b. Routine services e.g. maintenance, cleaning and security.
- c. Professional services e.g. Architects, structural engineers, forensic archaeologists, specialist social care support, training, etc.

Refer to the HR Short Term Resourcing Needs policy for further guidance.

Temporary and agency staff, and other consultants or contractors, must abide by the terms of their contract with the Council and follow the Council's Code of Conduct and Conflict of Interest Policy.

#### **2.4. Contract Value Calculation**

Contract value means the estimated total aggregate value payable in pounds sterling exclusive of Value Added Tax (VAT) over the entire contract period, including any extensions of the contract. Where the contract period is not fixed, the estimated value of the contract must be calculated by multiplying the monthly spend value by 48.

Contracts must not be artificially underestimated or disaggregated into two or more separate contracts with the intention of avoiding the application of these Orders or legislation.

In the case of Framework Agreements or Dynamic Purchasing Systems, the contract value must be calculated to include the total estimated value, net of VAT, of all the contracts envisaged to be awarded for the total term of the Framework Agreement or the Dynamic Purchasing System.

#### **2.5. Grants**

The making of grants is not subject to these Orders. You must follow the rules and guidance for grant-making available on S-Net (see appendix 1) and take into account the legal requirements concerning State Aid.

#### **2.6. Bribery, Corruption, Canvassing and Collusion**

##### **Bribery and Corruption**

You must comply with the Code of Conduct and the Council's anti-fraud strategy. You must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for you, the officer, to prove that anything received was not received corruptly. Gifts and Hospitality must be recorded in the online register.

##### **Canvassing and Collusion**

All Invitations to Tender must include a requirement for tenderers to complete fully and sign a form of tender including certificates relating to canvassing and non-collusion. Every contract must contain a clause entitling the Council to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor or his representative has practised collusion in tendering for the contract or any other contract with the Council.



**2.7. Procurement and Contracting - Overview and summary table**

Any Procurement, including extensions and variations to Contracts set out in the Annual Procurement Forward Plan and approved by Cabinet, is deemed as authorised irrespective of the Contract value, and must be advertised, awarded and signed/sealed in line with table 2.7.a columns F-J.

Any procurement not authorised as above must be authorised in accordance with table 2.7.a column E below.

Procurement must maintain a proper audit trail of all approvals and decisions, and track the delivery of savings and benefits in line with the agreed Value Strategy agreed between Finance and Procurement.

**2.7.a Summary table**

A Aggregate value including extensions	B Purchase Card permitted?	C Procurement Method?	D How should you approach the market?	E Who is authorised to carry out procurement?	F Must the contract be formally advertised?	G What type of contract is required?	H Who must approve the contract award?	I Who signs the contract on the Council's behalf?	J Contract Award Notice needed?
<b>£0 to £24,999</b>	Yes if within rules & guidance and card limits	One written quote	Email / Call Supplier. Use a local supplier if they offer value for money	Service Officer	No	Standard Terms (see Council's website)	Budget Holder	Not Required – (Approval of Purchase Order)	No
<b>£25,000 to £181,301</b>	Only in formal emergency cases (see section 5.2)	Minimum of two quotes, but seek at least three. If using a framework, follow the rules for its use.	Contact Sourcing Solutions, who will lead sourcing activity	Sourcing Solutions, Procurement Service	Yes, must be published via Contracts Finder	Standard Contract in line with agreed level of risk and complexity	Head of Service or delegated manager	Head of Service or delegated manager	Yes – on Contracts Finder
<b>£181,302 to £999,999</b>	No	Goods and Services – Tender Works – Competitive quotations	Issue Tender via Procurement	If on APFP then Procurement, otherwise you must seek approval to procure (see section 1.6)	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	If within +/-5% of budget: Approved prior to tender. If not within budget: S151 Officer	Under 500k, Head of Procurement and Head of Service Over £500k: Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations

£1m and over	No	<p>Works - up to £4,551,412 - Competitive quotations</p> <p>Works and Concession Contracts over £4,551,413: Full Tender or other compliant route</p> <p>Goods and Services: Full Tender or other compliant route</p> <p>Health, educational, cultural and social care related services above</p>	Issue Tender via Procurement	If on APFP then Procurement, otherwise you must seek approval to procure (see section 1.6)	Yes, as required by Public Contracts Regulations	Contract in line with agreed level of risk and complexity	<p>If within +/-5% of budget: Approved prior to tender.</p> <p>If not within budget: S151 Officer and under £5m, Portfolio holder, Over £5m, Cabinet.</p>	Sealed as a deed via Legal Services	Yes – as required by Public Contracts regulations
--------------	----	--	------------------------------	--	--	---	---	-------------------------------------	---

Procurement and Contract Standing Orders

Issue 8

### **3. Procurement methods**

#### **3.1. Tenders over Regulatory Thresholds**

Procurement is responsible for selecting the most appropriate route to market.

#### **3.2. Use of Selection Questionnaires (SQs)**

Procurement will apply minimum standards of experience, reputation and economic standing to suppliers to test their suitability to bid for a Council contract.

Procurement must use the Council's standard Selection Questionnaire and adhere to statutory guidance for all procurements of contracts above the relevant Regulatory Threshold.

Procurement must not use a two-stage process for contracts with a value less than Regulatory Threshold for goods and services, regardless of whether the contract is for goods, services or works (including Light Touch services).

All the methods and criteria used for assessing the suitability of suppliers must be transparent, objective and non-discriminatory.

#### **3.3. Contracts reserved for social enterprises and the employee-owned sector**

The Council may reserve participation in procurement processes for limited types of services contracts to certain qualifying organisations from the employee ownership and voluntary sectors. The maximum duration of contracts awarded under this power is three years.

Procurement must obtain approval from Legal Services before commencing a procurement in reliance on this Order.

#### **3.4. Evaluation**

Tenders over Regulatory Thresholds are evaluated based on the identification of the 'Most Economically Advantageous Tender (MEAT). This takes price into account, alongside quality and social value considerations, but does not require the tender to be awarded to the lowest priced bidder. The default split between the two will be 50/50, though this may be varied by procurement officers in consultation with clients and a Strategic Procurement Manager.

For all tenders over Regulatory Thresholds, a full record of all key decisions and process in relation to the procurement procedure must be kept in the Procurement Report, including such details as required by Regulation 84 of the PCRs.

#### **3.5. Collaboration with other public bodies**

The Council may enter into collaborative agreements for the procurement of goods and services with other public bodies or Central Purchasing Bodies where this offers best value for money for residents, for example via a Memorandum of Understanding rather than a contract. Where this is proposed, you must seek advice from Procurement in the first instance.

#### **3.6. Approved or 'Select' Lists**

The Council does not operate general 'approved' or 'select' lists of suppliers, instead a formal arrangement must be in place via either a framework agreement, a dynamic purchasing system or other mechanism compliant with regulations.

### **3.7. Framework agreements and Dynamic Purchasing Systems (DPS)**

All requirements to use existing frameworks or DPS, or to set up new ones, must be referred to Procurement, who will make appropriate arrangements in consultation with Orbis Public Law as required.

Where the Council accesses an existing Framework Agreement or DPS, the Framework Agreement or DPS terms and conditions of contract must be used, amended as appropriate as permitted by the Framework Agreement or DPS.

Before entering into these, due diligence checks must be carried out to demonstrate that the Council can lawfully access them and that they are fit for purpose and provide value for money.

### **3.8. Concession Contracts**

Concession Contracts are contracts under which the council outsources works or services to a contractor or provider, who then has the right to commercially exploit those works or services in order to recoup its investment and make a return. The key feature is that the contractor/provider bears the operating risk of the arrangement and so has no guarantee of recouping its investment or operating costs. Concession Contracts must meet certain requirements and advice must be sought from Procurement.

### **3.9. Sustainability and Social Value**

The Public Services (Social Value) Act 2012 places an obligation on the Council to consider the economic, social and environmental well-being of our area when we award contracts over Regulatory Thresholds.

Our procurement approach covers these areas:

- Economic Sustainability – we aim to purchase goods, works and services which enhance the local economy. We recognise the importance of Small & Medium Enterprises to the local community and ensure every effort is made to make our contract opportunities and tender processes accessible to them;
- Social Sustainability - we aim to purchase goods, works and services which promote community well-being, and that supply chain partners operate fair and ethical working practices;
- Environmental Sustainability – we aim to purchase goods, works and services which minimise our carbon footprint, encourage a positive impact on the local environment, and have the best value costs and benefits taking into account their whole life cycle from origination to disposal;
- Equalities & Diversity - we only purchase goods, works and services from suppliers who meet our standards of equality of employment and service delivery, and we ensure that the tender process is free from discrimination or perceived discrimination in accordance with the Council's Equality Scheme;
- Compact – where we are purchasing from the voluntary and community sector you must comply with the Compact Code of Practice on Funding and Procurement.

Procurement must carry out an assessment of relevant Social Value and record the results in the Procurement Report. Contract Managers should report social value delivery checks in line with the Contract Management Framework.

All suppliers to the Council are required to comply with all relevant environmental legislation and regulation, and any such superseding legislation. The Council may also introduce from time to time particular local and national policies which support environmental and sustainable procurement and Officers should include these in relevant procurement documentation and procedures.

### **3.10. Voluntary Ex-Ante Transparency Notice (VEAT)**

Should a VEAT Notice be assessed by the Head of Procurement (SCC) and Orbis Public Law as being required to manage potential risk to the Council, this will be approved by the Director of Procurement and Monitoring Officer, and a log of all published VEAT notices maintained by Procurement.

## **4. Waivers and Emergencies**

### **4.1. Waivers**

In the event that the application of these orders prevents or inhibits the delivery or continuity of service, a waiver may be sought. A waiver is required for any proposed procurement or contractual action which is not compliant with these Orders. A waiver cannot be given if it would contravene the Public Contracts Regulations 2015 or any other applicable legislation.

You must obtain approval for a waiver in writing specifically identifying the reason for which the waiver is sought, including justification and risk. All applications for waivers of these Orders must be submitted to the Director of Procurement who will seek additional agreement from Legal Services, if appropriate. A waiver cannot be granted retrospectively; this is viewed as noncompliance with these Orders and is reported to Council Corporate Overview Select Committee.

Procurement must maintain a log of all waivers and store documentation for waivers on the Contract Management System.

### **4.2. Emergency Purchases**

An emergency purchase is only allowed for purchasing outside the hours 9am to 5pm where there is an imminent risk to life or property. They also apply in situations outside these hours where there is a need to secure Council property or assets e.g. when there has been a break in or equipment failure, such as a flood. You can use a Purchase Card, within your allocated limits, to pay. If the supplier does not accept Purchase Cards then you may give a verbal order and raise a formal purchase order the following working day. You must also inform Business Operations of any emergency purchases on the following working day.

Issues arising with contracts leading to a requirement for urgent mitigation action are not necessarily considered Emergency Purchases. This will be dealt with as part of risk mitigation within the contract management process.

## 5. Liability and Security

### 5.1. Insurance Liability

To protect the Council, insurance is required where we use goods, works or services provided by a supplier (including consultancy).

The minimal levels of cover for Public Liability Insurance, Employers' Liability Insurance and Professional Indemnity Insurance are set out below:

- a. Public Liability - £10m
- b. Employers' Liability - £5m-£10m depending on the contract used
- c. Professional Indemnity - £1m-5m (undertake a risk assessment and take advice from the Insurance Team)

In some instances where the contract value, risk or scope may be particularly high, additional cover may be required. Equally, where some contracts may be suitable for micro business, lower levels of insurance may be considered. To obtain advice on what level of insurance is appropriate, contact the relevant officer within the Insurance Team. The agreed level of insurance should be recorded in the contract management system.

### 5.2. Financial Security

Procurement and Finance must confirm that suppliers are financially robust both prior to contract award and during the life of the contract as appropriate. Details of the requirements or potential guarantees a supplier may need to provide must be set out in the procurement documents.

If either the total aggregate value of the contract exceeds £2m within twelve months, or there is doubt as to the financial credibility of a supplier but the Council has decided to accept the level of risk, then additional forms of security to a level determined between Legal Services and Finance are required, for example:

- a. a Parent Company, Ultimate Company or Holding Company guarantee where their financial standing proves acceptable;
- b. a Director's Guarantee or Personal Guarantee where finances prove acceptable;
- c. a Performance Bond, retained funds or cash deposit;
- d. any other security (such as escrow arrangements) as determined by Finance and/or Legal Services.

All documents inviting tenders and contracts issued must contain a statement that the supplier needs to provide security for performance and the level of security needed, financial checks to be applied on tenders, plus how financial suitability will be assessed and any checks that will be required during the life of the contract.

Additional documentation, where required, should be stored on the electronic tendering system.

### 5.3. Document Retention periods

The retention of tenders and contractual documentation is prescribed in the Limitation Act 1980 and the Public Contracts Regulations 2015. In summary:

- a. All received Tenders & SQs must be retained for a minimum of eighteen months following the issue of the Contract Award Notice;

- b. All signed contracts under £499,999 (including all tender documentation) must be retained for a minimum of six years following contract expiry;
- c. All sealed contracts signed over £500,000 (including all tender documentation) must be retained for a minimum of twelve years following contract expiry.

Procurement must maintain an online record confirming the location of the contract/tender and scheduled date of destruction.

## **6. Managing Contracts**

All purchases must be delivered under a form of contract approved by Legal Services and Procurement. (Contracts can take various forms from Frameworks, Spot purchases, call off agreement and purchase orders). The Council manages the process of awarding contracts via its e-tendering and contract management systems, to ensure that contracts are properly filed and documented.

Where contract funding is received by the Council from a third party (for example, an incoming grant), the contract terms must include a provision for dealing with liabilities under the contract should that funding cease to be available.

### **6.1. Contract Segmentation and Management**

Heads of Service are responsible for the performance of contracts in their area in line with the contract segmentation model, and all Contract Management activities are to be delivered either by a dedicated contract manager or by someone with that responsibility as part of a wider role.

Procurement will assess the level of risk, value and complexity of managing a contract (known as 'segmentation') using a consistent model approach with six levels (1 being the higher value, higher risk, most complex and 6 the lowest). Procurement will provide support, training and guidance in line with the segmentation model.

All identified Level 1 and 2 contracts must have a written business continuity plan, to be held on the contract management system.

### **6.2. Contract Award Notices**

A full Contract Award Notice must be published no later than 30 days after the award of a contract for all contracts over the Regulatory Threshold values, excluding call-offs from framework agreements. For all contracts called-off from a DPS, the Notice must be published within 30 days of the call-off or be grouped together and published on a quarterly basis within 30 days of the end of each quarter.

For contracts above threshold and where commercial sensitivity or personal information is associated with the publication of this information, please contact Procurement for advice.

For all other contracts under Regulatory Thresholds a simplified Contract Award Notice must be published on the Contracts Finder website for all contracts awarded over a value of £25,000 (including all call-off contracts from Framework Agreements) as soon as is reasonably practicable after the conclusion of the contract.



### 6.3. Contracts Register

All contracts over £5,000, including any variations or amendments, must be registered and maintained in the Electronic Contract Management System (eCMS) managed by Procurement. The council is required by law to publish transparency data about our contracts on a quarterly basis. Data regarding contracts may additionally be maintained in other systems for local use.

All original signed contracts must have a completed summary contract certificate and be stored in a secure fireproof location.

All contracts over Regulatory Thresholds must have a designated Contract Manager throughout the life of the contract as defined in the Council contract management framework segmentation model.

### 6.4. Contract Modifications and Extensions

#### Permitted Extensions

Contracts that have been originally advertised with extension options can be extended subject to acceptance in accordance with Table 2.7.a. and under Regulation 72 of the Public Contracts Regulations 2015. Extensions or renewals and certain amendments of an existing Contracts can be made without triggering a requirement for a new Procurement exercise.

#### Modifications

For contracts over the Regulatory Threshold, you must obtain the agreement of the Director of Procurement and Legal Services before any material modifications are made, to confirm that they are lawful and whether publication of a “Notice of modification of a contract during its term” is required.

All amendments must then be recorded in writing, signed appropriately and retained with the original contract on the Contract Management System.

**In addition** to the regulatory provisions, contracts may only be extended or varied if *all* of the following conditions have been met:

- a. the initial contract was based on a competitive tender or quotation process compliant with these Orders
- b. the value of the extension or variation added to the value of the original contract does not exceed the original authorisation threshold in Table 2.7.a
- c. the extension or variation has an approved Budget allocation

If any of the conditions above cannot be met, then a new procurement exercise must be initiated.

Where a variation or extension moves the total value of the Contract into a higher threshold, then acceptance must be sought in accordance with Table 2.7.a.

Procurement guidance is available on the Intranet setting out the circumstances under which contract modifications or extensions are permitted by Regulation 72 in the Public Contract Regulations 2015, or superseding legislation or regulation.

## **6.5. Contract Novation**

Where a contractor sells, merges or transfers their business to another organisation, the existing contract(s) the Council has with that contractor should be novated if this is acceptable to the Council. When this situation arises, Legal Services will review the existing contract and the requested novation to determine acceptability. Legal Services will also ask Finance to review the previous appraisal carried out when the contract was let and apply this to the proposed new organisation to ensure the contract will be financially robust. If a novation is agreed, then the revised contract will be passed to Procurement Sourcing Solutions who will update the contract register and ensure that the master data is updated on the relevant purchase to pay system.

## **7. Paying our suppliers**

### **7.1. Invoice Payments**

The Council aims to move all invoicing to electronic format to make it easier for our suppliers to trade with us and to track the progress of orders and payments

Suppliers must issue all invoices via the route provided by Business Operations. No invoice may be received or processed directly by a Service unless it is agreed as a payment exception by the Director of Procurement, who may agree general exceptions where Service-specific systems are in use. Business Operations are responsible for maintaining a register of all agreed payment exceptions.

All invoices received in Business Operations must include a purchase order number. Invoices without a Purchase Order number will be returned to the supplier.

Suppliers cannot be paid until you have confirmed that the requirement has been satisfactorily delivered. It is the responsibility of the recipient of the Goods or Services to ensure all purchases are receipted to the appropriate value and in a timely fashion.

### **7.2. Payment Terms**

The standard payment terms are 30 days from the invoice date, with payments made via BACS (electronic bank transfer). If a Supplier has identified themselves as an SME ("small or medium enterprise"), they can be paid on preferential payment terms of 10 working days.

You must obtain the agreement of Director of Procurement and a Finance Manager or authorised delegate for any other deviation from the standard payment terms. This must be in writing as a Payment Exception.

Where payments are agreed in advance, appropriate review of a supplier's financial stability and standing and due regard for risk in the event of supplier failure must be undertaken and agreed by the Director of Procurement and the relevant Finance Manager.

## **8. Disposing of surplus goods**

Disposal of surplus materials, goods or assets (including recycling of materials that have a scrap value), must have adequate defined processes and controls to ensure that the council receives proper reimbursement, where appropriate and cost effective.

In principle, for assets being sold with a value of:

£0 - £14,999	A minimum of 1 bid is required
£15,000 - £99,999	A minimum of three bids must be invited
£100,000 and over	A minimum of three sealed bids must be invited

You must seek advice from Procurement when making valuations and the book value of the asset will be primarily used to calculate value. In most cases, it is anticipated that the highest bid received will be accepted.

Where recycling of materials can be progressed to sale or scrap, the council may enter into a profit share arrangement with Contractor. Examples are construction, servicing and repair type contracts, where scrap metals or building materials can be re-sold. The contractor will need robust processes to define how they deal with disposal and council authorisation to sell scrap value materials or goods.

Care must be taken to ensure that environmental sustainability as well as security and other associated issues and obligations (including those from the Data Protection Act and WEEE Regs) are considered and complied with when disposing of goods.

## **Appendix 1 – policies relevant to these Orders**

All Officers must follow the Council's policies, in particular those relevant to these Orders, which are listed below.

[Financial Regulations](#)

[Scheme of Delegation](#) (see part 3 of the Constitution)

[Code of Conduct](#)

[Conflict of Interest](#)

[Ethical Procurement Statement](#)

[Counter-fraud Strategy](#) (see part 6 of the Constitution)

[Scrutinising Contracts Protocol](#) (see part 6 of the Constitution)

[Strategic Grants Process](#)

Procurement in the UK is regulated by:

[The Public Contracts Regulations 2015](#)

[The Concession Contracts Regulations 2016](#)

[The Public Services \(Social Value\) Act 2012](#)

This page is intentionally left blank