

Contract Procedures Rules (Contract Standing Orders)

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Contract Procedures Rules (Contract Standing Orders)

These Contract standing orders must be read in conjunction with the procurement procedure rules.

Section 47

Compliance with Standing Orders and European Community (EC) Directives

47.0 These contract Standing Orders are deemed to be the **de-minimus** rules officers will need in order to comply with good practice and probity. More detailed guidance and **rules exist within our Procurement procedure rules**, and these must be read in conjunction with these CSOs and complied with.

47.1 Contract Standing orders set out the rules by which we spend money on the supplies; services and works we need, to deliver our services to the people of South Somerset. This is an important document as it forms part of the Council's Constitution and has been produced as part of our approach to the way we buy things.

47.2 The watchwords are competition and transparency. As a public authority we have a duty to allow, and be seen to allow, the market freedom of opportunity to trade with us. If we fail in this duty, a supplier or contractor may have cause for complaint.

47.3 Heads of Service are responsible for ensuring that all officers responsible for contracts are aware of these regulations and that the contracts are let in accordance with these regulations.

47.4 Every contract made by the council or by a committee, sub-committee, or officer acting on their behalf shall comply with the EC procurement rules and with any relevant directives of the European Community in force at the time in the United Kingdom.

47.5 Our contract standing orders therefore have three main purposes:

- To obtain Best Value in the way we spend money, so that we may in turn offer Best Value services to the public;
- To comply with the laws that govern the spending of public money; and
- To protect individuals from undue criticism or allegation of wrong doing.

47.6 The dis-aggregation of contract values to escape the more stringent requirements of the higher spend limits is strictly forbidden. Every effort must be made to assess the full cost of the procurement, which is about to be made, this should include, any maintenance contracts, optional extras and updates etc.

47.7 These CSOs do not apply to the following, however the relevant officer needs to ensure that a “Best Value” approach has been applied to the placing of orders for such items or services.

- (a) purchases by auction, or second hand or used items where very limited choice exists.
- (b) purchases of patented or proprietary items.
- (c) contracts for the supply of works, services or the supply of goods involving highly specialized technical, scientific or artistic knowledge.
- (d) employment contracts.
- (e) contracts relating solely to the disposal or acquisition of an interest in land.
- (f) grants to external organisations

48.1 Waivers to these Contract Standing Orders

(see section 17 procurement procedure rules)

48.2 The only exemptions to these CSO requirements shall be where: -

48.3 any class or category of procurement which has been made exempt by resolution of the executive for a given period (must be defined).

48.4 District executive may waive the requirement to comply with these CSOs where an officer can prove that exceptional circumstances exist, such that compliance with these CSOs would have put the council or the project at risk of failing to reach external funding deadlines.

48.5 No exemption can be given by members that would free the officer or the council from its duties under the EC procurement rules (as defined above).

48.6 These standing orders will not apply where the officer has accessed a contract let by another local authority (**collaboration**), a central government department, a public sector purchasing consortia or any such public sector contracting arrangements. However in such circumstances advice must be sought from the corporate procurement unit before proceeding.

48.7 Where a condition of civil emergency or a major crisis is affecting the council or the community such that exceptional decisions need to be made in exceptional circumstances, where delegated authority will automatically fall to the officers involved. Where officers will need to place orders and make purchases in rapidly changing circumstances.

49.0 **Contract Extensions**

49.1 Any contract below EC limits may be extended in accordance with its contract terms, provided the corporate procurement unit have been notified using form PRG1.

49.2 Contracts should not be extended beyond a period greater than the initial contract length. All contracts subject to EC procurement rules can only be extended in line with the original OJEU notice and EC rules prevailing at the time.

50.0 **Financial Limits**

50.1 **Up to 5,000**

50.2 Verbal Quotations allowed under £1000.00

50.3 Under £5000 the only requirement is that the officers ensure that they are ordering goods that offer good value for money (see section 3 Procurement procedure rules).

50.4 **£5,000 to £10,000 Low-value transactions** two written quotations

Before entering into a Contract for the execution of any work or for the supply of any services which is estimated to exceed £5,000 in value, the appropriate officer shall obtain, wherever practical, a minimum of two written quotations (see procurement rules for further guidance)

50.5 **Intermediate-value transactions £10,000 to 50,000**

For transactions valued over £10,000 services but at or below £50,000 for works or services, at least three written quotations must be invited before a formal purchase order or contract is issued, specifying the supplies, services or works and setting out prices, terms and conditions of contract and terms of payment. Faxed or (emailed) quotations are acceptable in these cases. If only one quotation is received, a waiver from financial procedure rules is required. (see procurement procedure rules)

50.6 **Higher-value transactions £50,000 and upwards**

For transactions valued at £50,000 to £145,000 and for all transactions valued at over £150,000, prior approval of the proposed tender process must be sought from the Procurement Officer using form PRG1, except that tender processes for building capital schemes that meet all the criteria detailed below should be subject to self-certification by the Head of Engineering & Property Services and reported to the Capital officers working group, only for management information purposes using form PRG3 for the purpose:

50.7 **EC Procurement Limits** (see section 5 & 13 procurement procedure rules)

Additional requirements for transactions valued over EU thresholds exist. Contract values above, which these procedures apply and are governed by the EU Directives:

For supplies and services (including consultancy services):	£143,000
For works:	£3.8m

Procedures governed by the EU Directives

Under EU Directives, the contract may be tendered under the **Open, Restricted** or, in exceptional circumstances, the **Negotiated procedure**. These are essentially the same as the procedures for contracts valued below EU thresholds.

50.8 In all cases where the procurement will exceed the EC procurement rules limits, the Corporate procurement unit must be informed using form PRG1.

The procurement process must not commence until clearance has been obtained via the corporate procurement that it is OK to proceed.

51.1 **Approved supplier lists**

The council has adopted the use of an approved supplier list for all suppliers of goods or services where the commercial risk in anyone year is greater than £5,000. All suppliers used above this value must be from the approved supplier list; the list is maintained and administered by Constructionline on behalf of the council (see procurement procedure rules).

52.2 **Review and amendment of Contract Standing orders**

These contract standing orders shall be reviewed and updated on a regular basis. Amended contract standing orders shall be agreed and adopted by full council.