

User guide to

Contract Standing Orders



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Procurement Department, Business & Property Services

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User Guide to Contract Standing Orders

These Contract Standing Orders (issued in accordance with section 135 of the 1972 Local Government Act) are intended to promote good purchasing practice and public accountability and deter corruption. Following these Rules remains the best possible defence against allegations that a purchase has been made incorrectly or even fraudulently.

These rules detail the minimum requirements and procedures appropriate for the acquisition and disposal of all goods, services and works undertaken on behalf of Hampshire Police Authority, in whose name all contracts are let.

A more detailed overview encompassing all operational aspects, procedures and documentary processes associated with the application of these rules can be found in the Constabulary's *Procurement Guide*.

For the purposes of these Rules, where there is a requirement for communication to be in writing, this shall be deemed to include e-mail and fax transmissions as well as hard-copy.

It remains a mandatory requirement for all *Employees* to comply with these Contract Standing orders.

Summary Points:

- Follow the Rules if you purchase goods or services or order building work.
- Take all necessary legal, financial and professional advice.
- Declare any personal financial interest in a contract. Corruption is a criminal offence.
- Conduct any *Best Value* review and appraise the purchasing need.
- Check whether there is an existing Corporate Contract you can make use of before undergoing a competitive process (either directly via Procurement or its intranet site).
- Normally allow at least four weeks for submission of quotes.
- Keep quotations confidential.
- Complete a written contract or order before the supply or works begin.
- Identify a *Contract Supervisor* with responsibility for ensuring the contract delivers as intended.
- Keep records of dealings with suppliers.
- Regularly assess each contract to see how well it met the purchasing need and value for money requirements.

If in doubt or concerned by any potential breach within the rules and procedures described herein Procurement department, part of Business and Property Services, should be your primary point of contact for related enquiries:

Intranet Link - Director of Finance & Resources/Business & Property Services/Procurement

Email – BAPS PROCUREMENT MAILBOX (baps.procurement@hampshire.pnn.police.uk)

Telephone – 79-1564

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Procurement Department, Business & Property Services

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Whenever **DEFINED TERMS** are used they are in *italics*, begin with a capital letter and are in the Definitions Appendix

All costs stated in these Contract Standing Orders are exclusive of VAT, staff costs and fees.

Section 1 – Scope of Contract Standing Orders

1. BASIC PRINCIPLES

All purchasing and disposal procedures must:

- Achieve best value for public money spent;
- Be consistent with the highest standards of integrity;
- Ensure fairness in allocating public contracts;
- Comply with all legal requirements;
- Ensure that *Non-Commercial Considerations* do not influence any *Contracting Decision*;
- Support the *Authority's* corporate and departmental aims and policies; and
- Comply with the Constabulary's corporate *Procurement Policy and Procedures*.

2. EMPLOYEE RESPONSIBILITIES

2.1 Employees

2.1.1 *Employees* responsible for purchasing or disposal must comply with these Contract Standing Orders, Financial Regulations, the Code of Conduct and with all UK and European Union binding legal requirements. *Employees* must ensure that any agents, consultants and contractual partners acting on their behalf also comply;

2.1.2 *Employees* must

- have regard to the guidance in the *Procurement Guide*;
- check whether a suitable *Corporate Contract* exists before seeking to enter another contract. Where a suitable *Corporate Contract* exists, this must be used unless prior approval by the *Head of B&PS* or *Force Solicitor* has been obtained.
- keep appropriate records (see rule 6).
- take all necessary legal, financial and professional advice.

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

2.2 Managers and Supervisors

2.2.1 All Managers and Supervisors must:

- ensure that their staff comply with Rule 2.1; and
- keep registers of all purchase orders and contracts and arrange their safekeeping on Authority premises.

3. EXEMPTIONS, COLLABORATIVE & E-PROCUREMENT ARRANGEMENTS

3.1 Where an exemption is necessary because of an emergency involving immediate risk to persons, property or serious disruption to *Constabulary* services the *Chief Constable* may approve the exemption, reporting the justification for the action as soon as is practicable.

3.2 Where an exemption is necessary as a result of goods, services or works being of a proprietary nature the *Chief Constable* may approve the exemption, reporting the justification for the action as soon as is practicable.

3.3 *Chief Constable* must monitor, record and report to the *Authority* the use of all exemptions.

3.4 In order to secure value for money the *Authority* may enter into collaborative procurement arrangements. The *employee* must consult with *Procurement* where the purchase is to be made using collaborative procurement arrangements with another police authority, local authority,

government department, statutory undertaker or public service purchasing consortium.

3.4.1 All purchases made via a public service purchasing consortium are deemed to comply with these Contract Standing Orders and no exemption is required. However, purchases above the *EU Threshold* must be let under the *EU Procedure*, unless the public service purchasing consortium has satisfied this requirement already by letting their contract in accordance with the *EU Procedures* on behalf of the Authority and other consortium members.

3.4.2 Any contracts entered into through collaboration with other police authorities or other public bodies, where a competitive process has been followed that complies with the Contract Standing Orders of the leading organisation, will be deemed to comply with these Contract Standing Orders and no exemption is required. However, advice and guidance must be sought from *Procurement*.

3.8 The use of e-procurement technology does not negate the requirement to comply with all elements of these Contract Standing Orders, particularly those relating to competition and value for money.

4. RELEVANT CONTRACTS

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

- the supply or disposal of goods;
- hire, rental or lease of goods or equipment;
- the delivery of services, including (but not limited to) those related to
 - the recruitment of staff
 - financial and consultancy services.

4.2 *Relevant Contracts* do not include:

- contracts of employment which make an individual a direct employee of the Authority;
or
- agreements regarding the acquisition, disposal, or transfer of land (for which *Financial Regulations* shall apply).

Section 2 – Common Requirements

5. STEPS PRIOR TO PURCHASE

5.1 *Employees* must appraise the purchase, in a manner commensurate with its complexity and value, and by taking into account any guidance in the *Procurement Guide*, by:

- taking into account the requirements from any relevant *Best Value* review;
- appraising the need for the expenditure and its priority;
- defining the objectives of the purchase;
- assessing the risks associated with the purchase and how to manage them;
- considering what procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, partnering, packaging strategy and collaborative procurement arrangements with another police authority, local authority, government department, statutory undertaker or public service purchasing consortium;
- consulting users as appropriate about the proposed procurement method, contract standards, and also performance and user satisfaction monitoring; and
- setting out these matters in writing if the *Total Value* of the purchase exceeds £25,000.

5.2 and by confirming that

- formal approval for the expenditure has been given and the purchase accords with these Contract Standing Orders.

6. RECORDS

6.1 Where the *Total Value* is less than £50,000, the following documents must be kept:

- invitations to quote and *Quotations*;
- a written record
 - of any exemptions and the reasons for them; and
 - of the reason if the lowest price is not accepted
- written records of communications with the successful contractor or an electronic record if a written record of the transaction would normally not be produced.

6.2 Where the *Total Value* exceeds £50,000 records of the following must be maintained by *Procurement*:

- the method for obtaining bids (see Rule 8.1);
- any *Contracting Decision* and the reasons for it;
- any exemption under Rule 3 together with the reasons for it;
- the *Award Criteria* in descending order of importance;
- tender documents sent to and received from *Candidates*;
- pre-tender market research;
- clarification and post-tender negotiation (to include minutes of meetings);
- the contract documents;
- post-contract evaluation and monitoring; and
- written records of communications with *Candidates* and with the successful contractor throughout the period of the contract.

6.3 Written records required by this Rule must be kept in accordance with the Constabulary's Information Management Guidelines.

7. ADVERTISING, APPROVED LISTS AND FRAMEWORK AGREEMENTS

7.1 Identifying and Assessing Potential Candidates

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

Generally, the greater the interest of the contract to potential bidders from other member states, the wider the coverage of the advertisement should be. Examples of where such advertisements may be placed include, but not limited to:

- *Procurement web portal.*
- portal websites specifically created for contract advertisements.
- National official journals, or
- the Official Journal of the European Union (OJEU).

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

- economic and financial standing; and
- technical ability and capacity;

to fulfil the requirements of the Authority.

- 7.1.3 This shall be achieved in respect of proposed contracts that are expected to exceed £50,000 by selecting firms from:

- *Approved Lists* of providers, maintained by the Authority or on its behalf, and compiled following responses to a public advertisement; or from
- Shortlist assessed from expressions of interest in a particular contract submitted in response to a public advertisement.

- 7.1.4 Any contract opportunity above £20,000 shall be advertised on the "Supplying the Constabulary" internet page

7.2 Approved Lists

- 7.2.1 *Approved Lists* should be used where recurrent transactions of a similar type are likely but where such transactions need to be priced individually and cannot easily be aggregated and priced in a single tendering exercise. *Approved Lists* cannot be used where the *EU Procedure* applies.

- 7.2.2 *Employees* may draw up in consultation with *Procurement*:

- *Approved Lists* of persons ready to perform contracts to supply goods or services of particular types on the basis of agreed contract terms; and
- Criteria for *Shortlisting* from the *Approved Lists*.

- 7.2.3 No person may be entered on an *Approved List* until there has been an adequate investigation into both their financial and technical ability to perform the contract, unless such matters will be investigated each time bids are invited from that list.

- 7.2.4 *Approved Lists* must be drawn up after an advertisement inviting applications for inclusion on the list. The advertisement must be placed to secure widest publicity among relevant suppliers. Persons may be entered on a list between the initial advertisement and re-advertisement provided the requirements of Rule 7.2.3 are met.

- 7.2.5 The list and shortlisting criteria must be reviewed at least annually and re-advertised at least every three years. On re-advertisement, a copy of the advertisement must be sent to each person on the list, inviting them to reapply. Review means
- the reassessment of the financial, technical ability and performance of those persons on the list unless such matters will be investigated each time bids are invited from that list, and
 - the deletion of those persons no longer qualified, with a written record kept justifying the deletion.
- 7.2.6 All *Approved Lists* must be open to public inspection.
- 7.2.7 A register of pre-qualified contractors and consultants maintained by or on behalf of Central Government (e.g. Constructionline) or Public Sector Consortia will be deemed to be an *Approved List* for the purpose of these Contract Standing Orders and shall not be subject to the requirements of Rules 7.2.2 to 7.2.6 inclusive.

7.3 Framework Agreements

- 7.3.1 The term of a *Framework Agreement* must not exceed four years and, while an agreement may be entered into with one provider, where an agreement is concluded with several organisations, there must be at least three in number.
- 7.3.2 Contracts based on framework agreements may be awarded by either:
- Applying the terms laid down in the framework agreement without reopening competition; or
 - Where all the terms are not laid down in the framework agreement, in accordance with the following procedure:
 - Inviting the organisations within the framework agreement who are capable of executing the subject of the contract to submit written tenders;
 - Fixing a time limit which is sufficiently long to allow tenders for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract; and
 - Awarding each contract to the tenderer who has submitted the best tender on the basis of the award criteria set out in the specifications of the framework agreement.

Section 3 – Conducting a Purchase and Disposal

8. COMPETITION REQUIREMENTS FOR PURCHASE, DISPOSAL AND PARTNERSHIP ARRANGEMENTS

The *Employee* must calculate the *Total Value*.

The following procedures apply where there are no other procedures, which take precedence. If in doubt, *Employees* must seek the advice of *Procurement*.

8.1 Purchasing – Competition Requirements

- 8.1.1 Where the Total Value for a purchase is within the values in the first column below, the Tender Procedure in the second column must be followed. Evaluation and Award shall be completed by the person(s) or departments specified in the third column.

Total Value	Tender Procedure	Evaluation & Award
Up to £5,000	One oral <i>Quotation</i> (confirmed in writing where the <i>Total Value</i> exceeds £500)	<i>Employee</i>
£5,001-£50,000	Three written <i>Quotations</i>	<i>Employee and Line Manager</i>
£50,001-£100,000	<i>Invitation to Tender</i> to at least three suitably assessed <i>Candidates</i>	<i>Procurement and Head of B&PS</i>
£100,001- <i>EU Threshold</i>	<i>Invitation to Tender by Advertisement</i> or <i>Approved List</i> to at least five suitably assessed <i>Candidates</i>	<i>Procurement and Head of B&PS</i>
above <i>EU threshold</i>	<i>EU Procedure</i>	<i>Head of B&PS and Force Solicitor</i>

- 8.1.2 Where it can be demonstrated that there are insufficient suitably qualified *Candidates* to meet the competition requirement, all *Candidates* deemed to be suitably qualified must be invited.

- 8.1.3 An *Employee* must not enter into separate contracts nor select a method of calculating the *Total Value* in order to minimise the application of these Contract Standing Orders.

- 8.1.4 Where the *EU Procedure* is required the *Employee* shall consult *Procurement* to determine the method of conducting the purchase.

8.2 Assets for Disposal

- 8.2.1 Assets for disposal must be sent to public auction except where better value for money is likely to be obtained by inviting *Quotations* and *Tenders*. (These may be invited by advertising on the Authority's Internet site) In the latter event, the method of disposal of surplus or obsolete stocks/stores or assets other than land must be formally undertaken in accordance with *Financial Regulations*.

8.3 Providing services to external purchasers

8.3.1 The *Director of Finance and Resources* must be informed where contracts to work for organisations other than the *Authority* are contemplated.

8.4 Collaborative and partnership arrangements

8.4.1 Collaborative and partnership arrangements are subject to all UK and EU Procurement legislation and must follow these Contract Standing Orders. If in doubt, *Employees* must seek the advice of *Procurement*.

8.5 The Appointment of Consultants to Provide Services

8.5.1 For Consultant architects, engineers, surveyors and other professional consultants where the *Total Value* for a commission is within the values in the first column below, the Tender Procedure in the second column must be followed. Evaluation and Award shall be completed by the person(s) or departments specified in the third column.

Total Value	Tender Procedure	Evaluation & Award
Up to £25,000	One oral <i>Quotation</i> (confirmed in writing where the <i>Total Value</i> exceeds £2,501)	<i>Employee and Line Manager</i>
£25,001 - £50,000	Three written <i>Quotations</i>	<i>Employee and Procurement</i>
£50,001-EU Threshold	<i>Invitation to Tender</i> to at least three suitably assessed <i>Candidates</i>	<i>Procurement and Head of B&PS</i>
above EU threshold	<i>EU Procedure</i>	<i>Head of B&PS and Force Solicitor</i>

8.5.2 The engagement of a consultant shall follow the agreement of a brief that adequately describes the scope of the services to be provided and shall be subject to completion of a formal letter or contract of appointment.

8.5.3 Consultants shall be required to provide evidence of, and maintain professional indemnity insurance policies to the satisfaction of the *Force Solicitor* for the periods specified in the respective agreement.

9. PRE-TENDER MARKET RESEARCH AND CONSULTATION

9.1 The *Employee* responsible for the purchase

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

10. STANDARDS AND AWARD CRITERIA

10.1 *Employees* must ascertain what are the relevant British, European or International standards which apply to the subject matter of the contract. *Employees* must include those standards which are necessary properly to describe the required quality. The *Force Solicitor* must be consulted if it

is proposed to use standards other than European standards.

10.2 Employees must define *Award Criteria* that are appropriate to the purchase and designed to secure an outcome giving Value for Money for the Authority. The basic criterion shall be:

- "lowest price" where payment is to be made by the Authority
- "highest price" if payment is to be received, or
- "most economically advantageous" (where considerations other than price also apply).

If the last criterion is adopted, it must be further defined by reference to sub-criteria which may refer only to relevant considerations. These may include price, service, quality, running costs, technical merit, previous experience, delivery date, cost effectiveness, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, after-sales services, technical assistance and any other relevant matters.

10.3 Award Criteria must not include:

- *Non-Commercial Considerations*
- matters which discriminate against suppliers from the *European Economic Area* or signatories to the *Government Procurement Agreement*.

11. INVITATIONS TO TENDER/ QUOTATIONS

11.1 The *Invitation to Tender* shall state that no tender will be considered unless it is received unmarked by the date and time stipulated in the invitation to tender. No tender delivered in contravention of this clause shall be considered.

11.2 All *Invitations to Tender* shall include the following:

- a) A specification that describes the *Authority's* requirements in sufficient detail to enable the submission of competitive offers;
- b) A requirement for tenderers to declare that the tender content, price or any other figure or particulars concerning the tender have not been disclosed by the tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose);
- c) A requirement for tenderers to complete fully and sign all tender documents including a form of tender and supporting documents;
- d) Notification that tenders are submitted to the *Authority* on the basis that they are compiled at the tenderer's expense;
- e) A description of the Award Procedure and, unless defined in a prior advertisement, a definition of the Award Criteria in objective terms and if possible in descending order of importance;
- f) Notification that no tender will be considered unless it is enclosed in sealed envelope or container (displaying no other name or mark indicating the sender) addressed to the *Force Solicitor* endorsed only with the words "Tender for" followed by the subject to which it relates and the latest day and hour for the receipt of the tender.
- g) A stipulation that any Tenders submitted by fax or other electronic means shall not be considered, unless they have been sought in accordance with an electronic tendering system approved by the *Force Solicitor*;
- h) The method by which any arithmetical errors discovered in the submitted tenders is to be dealt with. In particular, whether the overall price prevails over the rates in the tender or vice versa.

11.3 All *Invitations to Tender* or *Quotation* must specify the goods, service or works that are required, together with the terms and conditions of contract that will apply (see Rule 16.1.2).

11.4 The *Invitation to Tender* or *Quotation* must state that the *Authority* is not bound to accept any *Quotation* or *Tender*.

11.5 All *Candidates* invited to *Tender* or *Quote* must be issued in writing with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.

12. SHORTLISTING

- 12.1 Any *Shortlisting* must have regard to the financial and technical standards relevant to the contract and the *Award Criteria*. Special rules apply in respect of the *EU Procedure*.
- 12.2 *Employees* responsible for *Shortlisting* are specified in Contract Standing Orders clause 8.1.1.
- 12.3 Where *Approved Lists* are used, *Shortlisting* may be done by an *Employee* in accordance with the shortlisting criteria drawn up when the *Approved List* was compiled (see Regulation 7.2.2). However, where the *EU Procedure* applies, *Approved Lists* may not be used.

13. SUBMISSION, RECEIPT AND OPENING OF TENDERS/QUOTES

- 13.1 *Candidates* must be given an adequate period in which to prepare and submit a proper *Quotation* or *Tender*, consistent with the complexity of the contract requirement. Normally at least four weeks should be allowed for submission of *Tenders*. The *EU Procedure* lays down specific time periods (see guidance in the *Procurement Guide*).
- 13.2 *Tenders* must be submitted through the Constabulary's Electronic Tendering Portal, approved by the Force Solicitor, only in exceptional circumstances will tenders be managed through postal submissions.
- 13.3 Non electronic *Tenders* must be addressed and returned to the *Force Solicitor*.

Tenders received by fax or other electronic means (e.g. email) must be rejected, unless they have been sought in accordance with an electronic tendering system approved by the *Force Solicitor*.

Employees must not disclose the names of *Candidates* to any staff involved in the receipt, custody or opening of *Tenders*.

The *Force Solicitor* shall be responsible for the safekeeping of *Tenders* until opening. Receipt of each *Tender* must be:

- date-stamped
- initialled by the receiving officer
- logged immediately upon receipt

The *Force Solicitor* must ensure that all *Tenders* are opened at the same time when the period for their submission has ended. *Tenders* must be opened in the presence of two members of the Force Solicitors department neither of whom can be the *Employee* co-ordinating the tender exercise.

Upon opening, a summary of the main terms of each *Tender* must be recorded in the *Tender Return Schedule*. The *Schedule* must be signed on behalf of the *Force Solicitor*.

14. CLARIFICATION PROCEDURES AND POST-TENDER NEGOTIATION

- 14.1 Providing clarification of an *Invitation to Tender* to potential or actual *Candidates* or seeking clarification of a *Tender* whether in writing or by way of a meeting is permitted. However, discussions with tenderers after submission of a *Tender* and before the award of a contract with a view to obtaining adjustments in price, delivery or content (i.e. post tender negotiations) must be the exception rather than the rule. They must not be conducted in an *EU Procedure* or where this might distort competition especially with regard to price.
- 14.2 If post tender negotiations are necessary after a single stage tender or after the second stage of

a two stage tender, then such negotiations shall only be undertaken with the tenderer who has previously been identified as submitting the best tender. Tendered rates and prices shall only be adjusted in respect of a corresponding adjustment in the scope or quantity included in the tender documents. *Employees* appointed to carry out post tender negotiations should ensure that there are recorded minutes of all negotiation meetings and that both parties agree actions in writing.

14.3 Post-tender negotiation must only be conducted in accordance with the guidance issued by the *Force Solicitor*, who, must be consulted wherever it is proposed to enter into post-tender negotiation.

14.4 Where post tender negotiation results in a fundamental change to the specification (or contract terms) the contract must not be awarded but re-tendered.

15. EVALUATION, AWARD OF CONTRACT, AND DEBRIEFING CANDIDATES

15.1 Apart from the debriefing required or permitted by these Contract Standing Orders, the confidentiality of *Quotations*, *Tenders* and the identity of *Candidates* must be preserved at all times and information about one *Candidate's* response must not be given to another *Candidate*.

15.2 Contracts must be evaluated and awarded in accordance with the *Award Criteria*. During this process, *Employees* shall ensure that submitted tender prices are compared with any pre-tender estimates and that any discrepancies are examined and resolved satisfactorily.

15.3 The arithmetic in compliant tenders must be checked. If arithmetical errors are found they should be notified to the *Candidate*, who should be requested to confirm or withdraw their *Tender*. Alternatively, if the rates in the tender, rather than the overall price, were stated within the tender invitation as being dominant, an amended tender price may be requested to accord with the rates given by the tenderer.

15.4 *Employees* may accept quotations and tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these Contract Standing Orders and appropriate financial approvals secured.

15.5 Where the *Total Value* is over £50,000, *Employees* must notify unsuccessful *Candidates* simultaneously and as soon as possible of the intention to award the contract to the successful *Candidate*. The *Employee* must provide unsuccessful *Candidates* with a period of at least ten days in which to challenge the decision before contract award.

15.6 The *Employee* shall provide notice in respect of 15.5 in writing to all those Tenderers who submitted a bid about the characteristics and relative advantages of the leading bidder. No information, other than the following, should be given without taking the advice of Procurement.

- the criteria for award;
- the reason for the decision, including: the characteristics and relative advantages of the successful tender; the score (if any) obtained by the Tenderer receiving the notice, and the score of the Tenderer to be awarded the contract/ become party to the framework agreement;
- the reasons (if any) why the Tenderer did not meet the technical specifications;
- the name of the Tenderer(s) to be awarded the contract become party to the framework agreement;
- a precise statement of either:
 - i. when the standstill period is expected to end; or
 - ii. the date before which the contracting authority will not enter into the contract or conclude the framework agreement.

15.7 *Employees* may also give the debriefing information at 15.6 above to *Candidates* who were deselected in a pre-tender shortlisting process.

Section 4 – Contract and Other Formalities

16. CONTRACT DOCUMENTS

16.1 Relevant Contracts

- 16.1.1 All *Relevant Contracts*, that exceed £500 shall be in writing and shall clearly specify:
- What is to be supplied (i.e. the works, materials, services, matters or things to be furnished, had or done);
 - The provisions for payment (i.e. the price to be paid and when);
 - The time, or times, within which the contract is to be performed; and
 - The provisions for the *Authority* to terminate the contract.
- 16.1.2 The *Authority's* Order Form and standard terms and conditions must be used wherever possible.
- 16.1.3 In addition, every *Relevant Contract* of purchase over £50,000 must also as a minimum state clearly:
- that the contractor may not assign or sub-contract without prior written consent
 - any insurance requirements
 - health and safety requirements
 - data protection requirements, if relevant
 - race, gender, religious and associated equality legislative requirements
 - Disability Discrimination Act requirements;
 - Freedom of Information Act requirements;
 - Official Secrets Act requirements
 - liquidated damages provision
 - Code of Conduct, if relevant
 - (where agents are used to let contracts) that agents must comply with the *Authority's* Contract Standing Orders;
 - a right of access to relevant documentation and records of the contractor for monitoring and audit purposes if relevant.
- 16.1.4 The formal advice of *Procurement* must be sought for the following contracts:
- those involving leasing arrangements
 - where it is proposed to use a supplier's own terms;
 - those considered technically complex or of a high risk.

16.2 Contract Formalities

16.2.1 Agreements shall be completed as follows:

Total Value	Method of Completion	By
Up to £50,000	signature	<i>Line Manager</i>
£50,001 & Above	signature	<i>Force Solicitor</i>

16.2.2 All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written consent of the *Force Solicitor*. An award letter is insufficient.

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

16.3 Sealing

16.3.1 At the discretion of the *Force Solicitor*, and in consultation with the Chief Executive to the

Authority, a contract should be sealed where:

- the *Authority* may wish to enforce the contract more than six years after its end;
- the price paid or received under the contract is a nominal price and does not reflect the value of the goods or services;
- where there is any doubt about the authority of the person signing for the other contracting party; or
- the *Total Value* exceeds £150,000.

16.4 Contract Variations

16.4.1 *Employees* shall ensure that all variations to contract are made in accordance with the *Procurement Guide*, applying sound contract management and financial control to limit the number of variations required.

16.4.2 The *Head of B&PS* may authorise an extension or variation to contract, subject to Rule 16.4.3.

16.4.3 In instances where a variation to contract has one or more of the following effects, or where the combined effect of a number of earlier approved variations has one or more of the following effects, the *Force Solicitor* shall authorise the variation:

- extends the contract period by 25% or more, where this results in an extension of six months or more.
- adds more than 10% or £25,000, whichever is the greater, to the estimated value of the contract.
- the works, goods or services to be added or removed from the contract result in the contract being substantially different in scope.

16.4.4 Where a proposed variation extends the duration or varies the scope or value of a contract leading to a breach of Contract Standing Orders or *EU Thresholds* (Rule 8.1.1 and 8.5.1) shall be approved by the *Authority*.

17. BONDS AND PARENT COMPANY GUARANTEES

17.1 *Employees* must consult the *Director of Finances and Resources* about whether a *Parent Company Guarantee* is necessary when a *Candidate* is a subsidiary of a parent company and

- the *Total Value* exceeds £50,000, or
- award is based on evaluation of the parent company, or
- there is some concern about the financial stability of the *Candidate*, and

17.2 *Employees* must consult the *Director of Finance and Resources* about whether a Bond is needed

- where the *Total Value* exceeds £150,000, or
- where it is proposed to make stage or other payments in advance of receiving the whole of the subject matter of the Contract and there is concern about the financial stability of the *Candidate*.

18. PREVENTION OF CORRUPTION

18.1 *Employees* must comply with the *Code of Conduct* and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the *Employee* to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to disciplinary action and is a crime under the statutes referred to in Rule 18.2 below.

18.2 The following clause must be put in every written *Authority* contract:

"The Authority may terminate this contract and recover all its loss if the Contractor, its employees or anyone acting on the Contractor's behalf do any of the following things:

- (a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other Authority contract (even if the Contractor does not know what has been done); or
- (b) commit an offence under the Prevention of Corruption Acts 1889 to 1916 or Section 117(2) of the Local Government Act 1972; or
- (c) commit any fraud in connection with this or any other Authority contract whether alone or in conjunction with Authority members, contractors or employees.

Any clause limiting the Contractor's liability shall not apply to this clause".

19 DECLARATION OF INTERESTS

19.1 If it comes to the knowledge of a member or an *employee* of the Authority and associated partnerships that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the Authority, he or she shall immediately give written notice to the *Force Solicitor*. The *Force Solicitor* shall report such declarations to the *Director of Finance & Resources and Chief Executive*.

19.2 Such written notice is required, irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.

19.3 A shareholding in a body not exceeding a total nominal value of £1,000 or 1% of the nominal value of the issued share capital (whichever is the less) is not a pecuniary interest for the purposes of this Standing Order.

19.4 The *Force Solicitor* shall maintain a record of all declarations of interests notified under 19.1 above by members and employees.

19.5 The *Chief Executive* shall ensure that the attention of all members is drawn to prevailing Authority Codes of Conduct.

Section 5 – Contract Management

20. MANAGING CONTRACTS

20.1 *Line Managers* in sponsoring a contract requirement are to name a Contract Supervisor for all new contracts. All Contracts must have a named Contract Supervisor for the entirety of the contract.

20.2 Contract Supervisors must follow the procedures set out in the *Procurement Guide*.

21. RISK ASSESSMENT AND CONTINGENCY PLANNING

21.1 A Business case must be prepared for all procurements with a potential value over the EU Threshold. Provision for resources for the management of the contract, for its entirety, must be identified in the business case.

21.2 For all contracts with a value of over £100,000, Contract Supervisor must:

- Maintain a risk register during the Contract period,
- Undertake appropriate risk assessments, and
- ensure contingency measures are in place.

22. CONTRACT MONITORING, EVALUATION AND REVIEW

22.1 All contracts which have a value higher than the *EU Threshold*, or which are *high-risk*, are to be subject to regular formal review with the contractor.

22.2 A *Procurement* developed Gateway Review process must be applied to all contracts deemed to be either high risk, high value, or, high profile. This process must be applied at key stages of major procurements.

22.3 During the life of the contract the *Contract Supervisor* and *Procurement* must monitor provision in respect of:

- performance;
- compliance with specification and contract;
- cost;
- any value for money requirements; and
- user satisfaction and risk management.

Definitions Appendix

"Agent"	A person or organisation acting on behalf of the Authority or on behalf of another organisation.
"Approved List"	A list drawn up in accordance with Rule 7.2.
"Authority"	Shall mean the Hampshire Police Authority in whose name contracts shall be let.
"Award Criteria"	The criteria by which the successful <i>Quotation</i> or <i>Tender</i> is to be selected (see further Rule 10 and 11.2e).
"Award Procedure"	The procedure for awarding a contract as specified in Rules 8, 10 and 15.
"Best Value"	<p>The duty, which the Part I of the Local Government Act 1999 places on local authorities, to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness as implemented by the Authority.</p> <p>This terminology has now in many instances been superceded with Value for Money</p>
"Bond"	An insurance policy: if the contractor does not do what it has promised under a contract with the Authority, the Authority can claim from the insurer the sum of money specified in the Bond (often 10% of the contract value). A Bond is intended to protect the Authority against a level of cost arising from the contractor's failure.
"Candidate"	Any person who asks or is invited to submit a <i>Quotation</i> or <i>Tender</i> .
"Chief Constable"	The Chief Constable of Hampshire
"Chief Executive"	The person appointed to undertake the role of Chief Executive to the Hampshire Police Authority.
"Code of Conduct"	The code regulating conduct of Employees and Contractors.
"Committee"	A committee, which has power to make, decisions for the Authority.
"Contracting Decision"	<p>Any of the following decisions:</p> <ul style="list-style-type: none">• composition of <i>Approved Lists</i>• withdrawal of <i>Invitation to Tender</i>• whom to invite to submit a <i>Quotation</i> or <i>Tender</i>• <i>Shortlisting</i>• award of contract• any decision to terminate a contract.
"Consultant"	Someone employed for a specific length of time to work to a defined project brief

with clear outcomes to be delivered, who brings specialist skills or knowledge to the role, and where the Authority has no ready access to employees with the skills, experience or capacity to undertake the work.

"Corporate Contract"	A contract let by Procurement to support the Authority's aim of achieving Value for Money.
"Director of Finance and Resources" (DoF&R)	The Director of Finance and Resources, or such other designated employee.
"Employee"	A police officer under the direction and control of the <i>Chief Constable</i> of Hampshire Constabulary or a member of police staff employed directly or under contract by Hampshire Police Authority and under the direction and control of the <i>Chief Constable</i> of Hampshire Constabulary or the Police Authority who as part of their express or implied terms of office / employment have authority to enter into contracts for purchasing or disposal on behalf of Hampshire Police Authority or designated/collaborative partnership.
"EU Procedure"	The procedure required by the EU where the <i>Total Value</i> exceeds the <i>EU Threshold</i> .
"EU Threshold"	The contract value at which the EU public procurement directives apply.
"European Economic Area"	The 15 members of the European Union, and Norway, Iceland and Liechtenstein.
"Force Solicitor"	The individual who at the relevant time has been appointed by the Chief Constable in the capacity as Force Solicitor for Hampshire Constabulary or in his absence the Assistant Force Solicitor or in the absence of both the Force Solicitor and the Assistant Force Solicitor the Legal Adviser (property matters) or such other individual who may be nominated in advance in writing by the Chief Constable.
"Financial Regulations"	The financial regulations, encompassing Finance Standing Orders, outlining employee responsibilities for financial matters issued by the Authority.
"Framework Agreement"	An agreement between one or more authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.
"Head of B&PS"	The individual appointed by the Chief Constable as Head of the Business and Property Services Department.
"High Profile"	A high-profile purchase is one which could have an impact on functions integral to Authority service delivery should it fail or go wrong.
"High Risk"	A high-risk purchase is one which presents the potential for substantial exposure on the Authority's part should it fail or go wrong.

"High Value"	A high-value purchase is where the value exceeds the EU Threshold values.
"Invitation to Tender"	Invitation to tender documents in the form required by Contract Standing Orders.
"Line Manager"	The employee's immediate superior or the employee designated by the Chief Constable to exercise the role reserved to the <i>Line Manager</i> by these Contract Standing Orders.
"Nominated Suppliers and Sub-contractors"	Those persons specified in a main contract for the discharge of any part of that contract.
"Non-Commercial Considerations":	<ul style="list-style-type: none"> (a) the terms and conditions of employment by contractors of their workers or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to, their workforces ("workforce matters"); (b) whether the terms on which contractors contract with their sub-contractors constitute, in the case of contracts with individuals, contracts for the provision by them as self-employed persons of their services only; (c) any involvement of the business activities or interests of contractors with irrelevant fields of Government policy; (d) the conduct of contractors or workers in industrial disputes between them or any involvement of the business activities of contractors in industrial disputes between other persons ("industrial disputes"); (e) the country or territory of origin of supplies to, or the location in any country or territory of the business activities or interests of, contractors; (f) any political, industrial or sectarian affiliations or interests of contractors or their directors, partners or employees; (g) financial support or lack of financial support by contractors for any institution to or from which the Authority gives or withholds support; (h) use or non-use by contractors of technical or professional services provided by the Authority under the Building Act 1984 or the Building (Scotland) Act 1959. <p>Workforce matters and industrial disputes, as defined in paragraphs (a) and (d), cease to be non-commercial considerations to the extent necessary or expedient to comply with Best Value; or where there is a transfer of staff to which the Transfer of undertakings (Protection of Employment) Regulations 1981 ("TUPE") may apply.</p>
"Parent Company Guarantee"	A contract which binds the parent of a subsidiary company as follows: If the subsidiary company fails to do what it has promised under a contract with the Authority, they can require the parent company to do so instead.
"Priority Services"	Those services required to be tendered as defined in the EU public procurement directives.
"Procurement Strategy "	The document setting out the Authority's approach to procurement and key priorities for the next few years.
"Procurement Guide"	The suite of guidance documents, together with a number of standard documents and forms, which support the implementation of these Contract Standing Order – Available on the Constabulary Intranet site.

"Quotation"	A quotation of price and any other relevant matter (without the formal issue of an <i>Invitation to Tender</i>).
"Relevant Contract"	Contracts to which these Contract Standing Orders (see Rule 4).
"Shortlisting"	The process of selecting Candidates who are to be invited to quote or bid or to proceed to final evaluation.
"Procurement"	A team within the Business and Property Services Department charged with providing strategic direction, advice and control in securing value for money in all Authority acquisition and disposal arrangements.
"Tender"	A <i>Candidate's</i> proposal submitted in response to an <i>Invitation to Tender</i> .
"Tender Return Schedule"	A log compiled by the Force Solicitor to record details of <i>Tenders</i> (see Rule 13.5).
"Total Value"	<p>The whole of the value or estimated value (in money or equivalent value) for a single purchase or disposal calculated as follows:</p> <ul style="list-style-type: none"> (a) where the contract is for a fixed period, by taking the total price to be paid or which might be paid during the whole of the period; (b) where the purchase involves recurrent transactions for the same type of item, by aggregating the value of those transactions in the coming 48 months (4 years); (c) where the contract is for an uncertain duration by multiplying the monthly payment by 48 (4 years); (d) for nominated suppliers and sub-contractors: the <i>Total Value</i> shall be the value of that part of the main contract to be fulfilled by the nominated supplier or sub-contractor.
"TUPE – Transfer of Undertakings (Protection of Employment)"	TUPE refers to the Transfer of Undertaking (Protection of Employment) Regulations, 1981. These regulations were introduced to ensure the protection of employees when, for example, a business is taken over by another organisation. Broadly, TUPE regulations ensure that the rights of employees are transferred along with the business.
"Value for Money"	Value for Money (VfM) is not the lowest possible price; it combines goods or services that fully meet your needs, with the level of quality required, delivery at the time you need it, and at an appropriate price.