

## MELBOURN PARISH COUNCIL

# **POLICY and PROCEDURE:      PROCUREMENT OF GOODS AND SERVICES**

**PURPOSE:** The purpose of this policy is to provide guidance on the factors that will be taken into account when purchasing goods and services. Melbourn Parish Council (the Council) follows the National Association of Local Councils (NALC) Procurement Toolkit published in April 2015 and its own internal Financial Regulations and Standing Orders.

**SCOPE:** This policy aims to give effect to and comply with Section 135 of the Local Government Act 1972 and the Public Contracts Regulations 2015. The Council is guided by the National Association of Local Councils Legal Topic Note 87 (January 2016)

### **1. Introduction**

1.1. Every contract engaged by the Council or person acting on its behalf must comply with this Procurement Policy, the Council's Standing Orders and Financial Regulations.

1.2. The purpose of this policy is to provide guidance on the factors that must be taken into account when purchasing goods and services.

1.3. At the start of any procurement process it is essential that the authorised person leading the procurement project must liaise with the Clerk to clearly identify the need and fully assess the options for meeting those needs. Procurement Checklist (appendix 1).

1.4. A Contract is an agreement between the Council and an individual or organisation for the individual or organisation to provide works, goods or services (including the engagement of consultants) for which the Council will provide consideration and or payment.

1.5. The following contracts are exempt from the requirements of these rules:

1.5.1. Contracts relating solely to the disposal or acquisition of land

1.5.2. Employment contracts and temporary staff/independent service providers.

1.6. Officers and Councillors and agents involved in the awarding of a Contract on behalf of the Council must ensure that best value is obtained and is not limited to only the financial consideration.

1.7. Exceptions from any of the following provisions of these Contract Procurement Rules may be made under the direction of the Council where they are satisfied that the exception is justified in special circumstances. Every exception and reason shall be minuted and recorded.

1.8 A councillor is not permitted to issue a verbal order, an official written order or make any contract or commitment on behalf of the Council.

1.9 All quotes must be received by the Clerk.

## MELBOURN PARISH COUNCIL

### 2. Operational Contracts and Routine Services

2.1. For routine works (including those listed below), the Council may have existing contracts in place for supply of goods and services.

- 2.1.1. Service Engineers
- 2.1.2. General builders
- 2.1.3. Grass and Hedge Cutting contractors/Tree Surgeons.
- 2.1.4. Groundworkers
- 2.1.5. Playground repairs
- 2.1.6. Memorial masons
- 2.1.7. IT support
- 2.1.8. Plumbing and Heating Engineers
- 2.1.9. Vehicle and machinery service engineers
- 2.1.10. Office supplies and other consumables
- 2.1.11. Routine Maintenance
- 2.1.12. Cleaning and general housekeeping

However, for any new expenditure, the Council will seek quotations as set out in its Financial Regulations.

### 3. Procurement Thresholds

#### 3.1. Contracts/Purchases Below £1,000\*

For works and purchases below £1,000, the Clerk or Assistant Clerk shall obtain 2 quotations. Where it is not possible to obtain 2 quotations, this will be brought to the attention of the relevant Committee or full Council.

#### 3.2. Contracts Between £1,000 and £3,000\*

Efforts shall be made to find the best price and quality and the Clerk or Assistant Clerk shall obtain 3 quotations. Where it is not possible to obtain 3 quotations, this will be brought to the attention of the relevant Committee or full Council.

#### 3.3. Contracts Between £3,000 and £25,000\*

The Clerk or Assistant Clerk shall obtain 3 quotations from suitable individuals or organisations.

\*(See Financial Regulations, section 11.h)

#### 3.4. Contracts Above £25,000 (Procedures led by Legislation) as per below:

3.4.1. A public notice must be made setting out the particulars of the contract and inviting persons/companies to apply for the opportunity to tender. This is for a period of at least 10 days.

3.4.2. Every written contract shall specify:

- The work, materials, matters or things to be furnished, had or done:
- The price to be paid, with a statement of discounts or other deductions (if any)
- The time or times within which the contract is to be performed.

## MELBOURN PARISH COUNCIL

3.4.3 Every contract which exceeds £25,000 and is either for the execution of work or the supply of goods or materials shall provide for payment of liquidated damages by the contractor in case the terms of the contract are not performed.

3.4.4 Contracts over the value of £25,000 shall comply with Articles 109 to 114 of the Public Contracts Regulations 2015 as explained in NALC Legal Topic Note 87 regarding the advertising of contracts and the use of the 'contract finder' website.

### **4. Quote/Tender Procurement Process Steps**

4.1. An issue is identified.

4.2. The issue is discussed at the relevant Committee and either the Clerk is instructed, or a Working Party assembled, to investigate the issue and possible solutions.

4.3. Recommendations are brought back to the relevant Committee and a set of specifications are created to send out for quote or tender.

4.4. Indicative quotes are sought and the budget is set.

4.5. Once the budget is approved the specifications agreed at the relevant Committee above can be issued for quotes and tenders.

4.6. Final quote or tender is approved by the relevant Committee.

### **5. Submission of tenders Procedure for Contracts above £25,000**

5.1. The invitation to tender shall state the general nature of the intended contract. Where appropriate, the Clerk shall obtain the necessary technical assistance to prepare a specification in appropriate cases.

5.2. The invitations shall set out the procedure for submission of tenders (see state that tenders must be addressed to the Clerk only at the council office address and no quotes or tenders can be submitted directly to Councillors).

5.3. Each tendering firm shall be given clear instructions on how tenders must be submitted and the prescribed date for opening tenders for the contract.

5.4. The tenders are commercially sensitive and shall be kept in the custody of the Clerk until the time and date specified for their opening.

5.5. Tenders shall be opened by the Clerk or Assistant Clerk and in the presence of at least one councillor.

### **6. Acceptance of Quotations and Tenders**

6.1. Tenders should be scored against a predetermined weighted list of requirements agreed by the Working Party/Committee as part of the procurement process before tenders are received. The basis of this exercise shall be explained in any invitation to tender documentation. Any omission or question raised by the Council or the contractor will be made available to all the tenderers.

6.2 No negotiation on contracts whose value is more than £25,000 can take place without

## MELBOURN PARISH COUNCIL

reference to the Chair of the Council and Chair of Finance and Good Governance Committee. Any negotiations which would distort competition is expressly forbidden.

### **7. Signing and Sealing of Contracts**

7.1. Every successful quotation/tender shall be accepted in writing (including email), by the Clerk.

### **8. Nominated Sub-Contractors and Suppliers**

8.1. Where the Council contracts with a sub-contractor or supplier to a main contractor, the procurement of the services of the sub-contractor or supplier shall be subject to these Contract Procedure Rules.

### **9. Contracts Record**

9.1. A record of all contracts over £25,000 placed by the Council shall be recorded and filed in the Council offices.

9.2. This record shall specify for each contract the name of the contractor, the works to be executed or the goods or services to be supplied, the contract value and the contract period.

9.3. It is the responsibility of the appointed person authorising the contract to ensure that an accurate record is maintained and filed.

### **10. Prompt Payment of Invoices**

10.1. The Council understands the importance of paying suppliers promptly and will always pay within the terms of payment agreed. All payments are to be made by Bank Transfer within the Council's Bank terms and conditions.

### **11. Contract Management**

11.1. For each contract, an assessment of project management requirements and provision must be made. Project management must be performed as appropriate to the work being undertaken and for projects over £25,000 should be performed by suitably qualified personnel.

### **12. Contract Variations**

10.1 Any necessary instructions to vary a contract shall be made in writing by the Clerk or persons responsible for supervising the contract.

10.2 Where a variation occurs during the currency of the contract that is material and cannot be met from within the original contract sum an immediate report shall be made to the Council who shall decide what further action is necessary.

### **13. Termination of contracts**

13.1. The Council reserves the right to terminate any contract immediately for breach of contract or other valid reason(s).

## MELBOURN PARISH COUNCIL

**Table 1**

Contract Value (net of VAT) and Level of Legal Requirements

• Up to £25,000:	requirements as per the Council's Standing Orders and Financial Regulations
• Over £25,000:	use of the Contract Finder website and other light touch rules in the Public Contracts Regulations 2015 ("the 2015 Regulations")
• Over £181,303:	Include other detailed and complex requirements in the 2015 Regulations.

**Document Approval:**

**(Chair to Melbourn Parish Council)**

**Date of Parish Council Meeting:**

*Review Policy: Annual*

# MELBOURN PARISH COUNCIL

## APPENDIX 1

### PROCUREMENT CHECKLIST

This checklist provides a summary of the processes required to buy goods and services and embark on capital contracts.

It must be used in conjunction with Standing Orders, Financial Regulations, our financial procedures and best practice.

**Estimated contract value threshold and procedure to follow (see section 11 - Financial Regulations):**

#### **Contracts/Purchases Below £5,000**

For goods and services below £5,000, every opportunity will be sought to find the best price and quality. See section 4 of our Financial Regulations for guidance budgetary control and authority to spend. Best practice recommends two quotations - **follow pre tender stage of this checklist**

#### **Contracts between £5,000 and £25,000**

Efforts should be made to seek quotations from at least three suitable suppliers – **follow pre tender and tender stage of this checklist**

**Contracts above £25,000** (Procedures led by Legislation – Opportunities to be advertised on Contracts Finder website) - **follow all points on this checklist**

### **WHAT TO CONSIDER AT THE PRE TENDER STAGE**

- This is our residents' money
- What do we want to achieve?
- What happens if we do nothing?
- Is this planned expenditure / budgeted for?
- Is it a priority?
- Is there a timeline for this project/expenditure?
- Who have we consulted? Maintenance Committee, staff, members of the public?
- Consultation – engagement, feedback, who will benefit?
- Consider all related costs and resources required now and in the future.
- What do standing orders and financial regulations say we have to do?

### **TENDER STAGE – Lawful, Fair, Open, No Discrimination**

- After Approval In Principle
- Refer to and FOLLOW Council Standing Orders (Section 18 – Financial Controls and Procurement)
- Financial Regulations (Sections 10,11 and 12)
- Establish a plan and identify who is responsible to oversee
- How long will it take to complete the project?
- What is the Specification & Evaluation Criteria – what is critical / important
  - How will we measure bids
  - No hidden criteria and no changes
  - Ask for References/Investigate other projects
- Estimated Value of Contract – What is legally required for this value?
- Advertise
- Consult other Parishes and Councils, if appropriate.

## MELBOURN PARISH COUNCIL

- How will the contract be managed – project manager/MPC Maintenance Committee/Clerk?
- Contracts Finder Portal – see [www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder).

### **ACTION : INVITATION TO TENDER**

### **EVALUATING TENDERS – Commercially Sensitive, Fair, Consider Professional Advice**

- Receiving Tenders – (see Standing Orders s.18d)
- Decide who can evaluate tenders – [Maintenance Committee/full Council]
- Use a scoring matrix
- Be prepared to answer questions from suppliers/contractors
- Ensure all contractors / suppliers are sent the same information
- Do not share any added value options provided by a supplier/contractor
- DO NOT introduce any additional criteria – illegal
- DO NOT accept any late tenders
- Always give feedback on unsuccessful tenders

### **AWARD CONTRACT**

### **CONTRACT MANAGEMENT**

- Identify who will be involved in overseeing the procurement process
- Who will monitor and how to measure success of the contract?
- Make sure the Council and the Contractor understand who is responsible for what;
  - Agree a delivery plan – dates, outcomes and responsibilities
  - Agree a review and end date
  - Set a timetable for regular meetings
  - Agree the criteria for monitoring contract
  - Agree a process for resolving disputes - penalties
  - Understand what triggers payment
  - Sign the Contract
  - Make payment

### **REVIEW AND EVALUATE - ONGOING**