

19. CONTRACT RULES

<u>19.1</u>	<u>When do these Rules Apply?</u>	124
<u>19.2</u>	<u>Other Relevant Guidance, Rules and Law</u>	125
<u>19.3</u>	<u>Responsibility to Follow these Rules and Relevant Law</u>	125
<u>19.4</u>	<u>Interests of Councillors and Officers in Contracts</u>	125
<u>19.5</u>	<u>Before a Contract is Agreed</u>	126
<u>19.6</u>	<u>Total Contract Value</u>	126
<u>19.7</u>	<u>Sub-contracting</u>	127
<u>19.8</u>	<u>Format of Contracts</u>	127
<u>19.9</u>	<u>Clauses that must be Included in all Contracts</u>	127
<u>19.10</u>	<u>Clauses that must be Included in Contracts over £100,000</u>	128
<u>19.11</u>	<u>Thresholds for Quotes and Tenders</u>	129
<u>19.12</u>	<u>When is there no need to seek Quotes or Tenders?</u>	130
<u>19.13</u>	<u>Tendering of Contracts over £100,000</u>	131
<u>19.14</u>	<u>Open Tendering</u>	131
<u>19.15</u>	<u>Restricted Tendering</u>	132
<u>19.16</u>	<u>Negotiated Tendering</u>	133
<u>19.17</u>	<u>Other EU Procurement Methods</u>	133
<u>19.18</u>	<u>Acquiring and Disposing of Land and Buildings</u>	134
<u>19.19</u>	<u>Submitting a Tender</u>	135
<u>19.20</u>	<u>Council's Handling of Tenders Received through Portal</u>	135
<u>19.22</u>	<u>Accepting Quotes and Tenders</u>	136
<u>19.23</u>	<u>Copies of Contracts and Register of Contracts</u>	137
<u>19.24</u>	<u>Legal Claims Relating to Contracts</u>	138
<u>19.25</u>	<u>Varying Contracts</u>	138
<u>19.26</u>	<u>Interpreting the Contract Rules</u>	138

19.1 When do these Rules Apply?

These rules apply when the Council expects to give or receive money or payments in kind. They apply to both capital and revenue and cover:

- Contracts for goods, works or services
- Acquisitions and disposal of land or buildings.

The Board can waive any of these rules after seeing a report from the Head of Service giving reasons. (But it must always comply with national and EU law).

These rules do not apply to grant giving – the rules for this are in the Council's grants prospectus.

19.2 Other Relevant Guidance, Rules and Law

- Attention should also be paid to:
- The Finance Rules (See 18)
- The budget and policy framework procedures (see 16)

Section 4 of this Constitution (Who Carries out Executive Responsibilities?) and Section 5 (Who Carries out Council Responsibilities?)

National and EU procurement law and guidance.

Heads of service must consider the corporate governance arrangements and legal issues when entering contracts and must ensure the risks are fully assessed.

19.3 Responsibility to Follow these Rules and Relevant Law

These rules apply to officers and anyone else managing or supervising contracts on behalf of the Council. Heads of Service must make sure their staff follow them.

The Council may take disciplinary and/or legal action against anyone who breaks these rules or the relevant national or EU law.

19.4 Interests of Councillors and Officers in Contracts

(a) Avoiding Conflicts of Interest

Councillors, officers and anyone acting for the Council must avoid conflicts of interest.

(b) Councillors' Interests

Councillors must follow the members' code of conduct (see 22). In addition it is a criminal offence for a Councillor not to declare a financial interest in a contract.

(c) Officers' Interests

Officers must declare interests in contracts. It is a criminal offence for an officer not to declare a financial interest in a contract. This does not apply to an officer's own contract of employment or their tenancy of a Council house.

The Head of Law and Governance will record officers' financial interests in a book that Councillors can look at during office hours.

(d) Officer Reports and Advice

If an officer writes a report for a meeting on something they have an interest in, they must give a brief description of the interest in a separate paragraph at the beginning of the report.

If an officer advises full Council or the Board or a committee on something they have declared an interest in, they must make reference to their interest.

19.5 Before a Contract is Agreed

Contracts can only be agreed if they comply with these contract rules and:

They will help a service area to achieve its service ~~transformation~~ plan

The Council has the legal power to enter into the contract and relevant internal approval.

There is a budget to ~~cover the cost~~ and fund the whole life of the contract.

~~project approval has been obtained where appropriate~~ relevant project approval has been granted – see 18.12

~~The~~ total contract value has been calculated – see 19.6

~~the contract gives best value for the Council~~ It provides value for money over the life of the contract

19.6 Total Contract Value

The total contract value is the total amount (minus VAT) that is expected to be paid to the supplier as a result of the contract award during the whole of the contract. It includes:

the value of anything the Council is getting free of charge as part of the contract or which is charged on to a third party.

any amount that could be paid by extending the contract (if there is a contractual right to extend it).

If the length of a contract is unspecified, its total value will be calculated on the basis of the contract having a duration of 48 months.

A single contract must not be artificially split into smaller contracts to get around these contract rules or the law.

19.7 Sub-contracting

Where in a particular contract the main contractor intends to appoint one or more sub-contractors to discharge some or all of its contractual obligations, the main contractor must be placed under an obligation to so inform the Council, and the Council's Head of Finance shall consider whether in each case a collateral warranty from the sub-contractor in favour of the Council is required.

19.8 Format of Contracts

All contracts must be in writing.

Contracts with a total contract value over £100,000 must be sealed (see 21.3). Contracts under £100,000 must be signed by two officers – the relevant head of service (or an officer authorised by the head of service) and a member of the Procurement Team.

Contracts over £100,000 must be in a form approved by the Head of Law and Governance.

Contracts over the EU threshold must comply with relevant EU procurement law and guidance.

All contracts over £100,000 must be in the agreed standard form and include the Council's standard contract terms. Any variation to the contract terms must be approved by the Head of Law and Governance relevant head of service.

19.9 Clauses that must be Included in all Contracts

Contracts must:

say what is to be supplied or done, the timescale for performance and standards of performance required.

~~say how much is to be paid and include any terms for deductions, discounts or penalties~~
State the payment arrangements and any arrangements for deductions and discounts. The payment arrangements should not allow for payment in advance of the provision of goods or services unless the Head of Finance agrees.

give the period of the contract

require contractors to meet any standards set by the head of service and any appropriate British Standard or EU equivalents. EU standards must be included if the total contract value is over the EU threshold

require contractors to follow all appropriate codes of practice.

require the contractor to hold appropriate insurance cover – the level of indemnity will be set by the head of service after assessing the risk and consulting with the Council’s insurance officer if necessary. However this cover must include a minimum of £5 million public liability insurance, unless a lower level of cover has been agreed by the Head of Finance.

seek a commitment from contractors to pay their employees at least the Oxford living wage: this includes (where appropriate) any employees engaged by a sub-contractor in fulfilling the contract.

include any other conditions and terms that have been agreed.

19.10 Clauses that must be included in contracts over £100,000

Contracts over £100,000 will include all the following clauses unless the Head of Law and Governance thinks they are inappropriate:

- (a) a clause allowing the Council to cancel the contract and recover any resulting losses from the contractor if it discovers that:

the contractor or its employees have given, offered or promised anything to influence how the Council awarded or managed the contract

- the contractor or its employees have committed an offence under the ~~Prevention of Corruption Acts 1889-1916~~ Bribery Act 2010
- the contractor or its employees have given anything that Section 117(2) of the Local Government Act 1972 forbids officers from accepting

- (b) a clause requiring the contractor to:

provide at least £5,000,000 public liability insurance indemnity or any other level of cover recommended by the Head of Finance

provide £5,000,000 employer liability insurance indemnity or any other level of cover recommended by the Head of Finance

provide £1,000,000 professional insurance or any other level of cover recommended by the Head of Finance

produce proof of insurance (for example copies of the insurance certificates) if the head of service thinks it necessary

provide a bond (or other suitable form of guarantee) for 10 per cent of the contract value if the Head of Finance thinks it necessary

- (c) a clause saying who will supervise the contract on behalf of the Council and the approval process for deal with any necessary changes to its terms
- (d) a clause requiring the contractor to protect the health and safety of anyone affected by its work
- (e) a clause requiring the contractor to comply with data protection laws and help the Council to comply with the Freedom of Information Act
- (f) a clause requiring the contractor to get the Council's permission before subcontracting or transferring any of the contract
- (g) a clause giving the Council the right to end the contract if the contractor does not meet the Council's standards and timescales and to bill the contractor for:
 - the administrative costs of finding and appointing a new contractor, and
 - any amount by which the new contract exceeds the old one.
- (h) if the head of service considers it necessary, a clause saying what damages must be paid if the contractor breaks the contract and explaining how the amount of damages was reached – the head of service will consult the Head of Law and Governance on the amount of the damages and what should trigger them.
- (i) a clause indicating that the Council is required to publish all new contracts on its website, and will do so in accordance with its obligations, subject to any operative exemptions, within the applicable local government transparency regulations.

19.11 Thresholds for quotes and tenders__

The Council is seeking to ensure that all purchases made are undertaken through a single electronic tendering system ("the ~~Selected Corporate~~ System"). The Head of Business Improvement and Technology will provide details of the ~~Selected Corporate~~ System and any changes to it. All purchase of goods, services of works with a value in excess of £15,000 must, therefore, be undertaken through the ~~Selected Corporate~~ System. All such purchases shall also comply with the thresholds for quote and tender provisions as set out below. Exemption from using the ~~Corporate Selected~~ System can only be obtained with the consent of the Head of Business Improvement and Technology. Where quotes are obtained outside of the selected system these must be retained for a minimum of 12 months from the award of contract by the relevant service head

For all contracts over £100,000 a financial appraisal will be undertaken by the Head of Finance. The relevant head of service must not commission any work from the supplier until the contract has been approved by the Head of Finance and a named contract manager has been appointed.

Heads of Service must consider advertising all contracts up to £100,000.

Officers seeking quotations from potential suppliers for a contract with a value below £100,000 shall (subject to the following provisions) comply with requirements set out in the table below

For all tenders over £100,000 a procurement strategy which evaluates options for the solution to be procured and route to market must be produced and approved by the relevant service head and the procurement team and the relevant service head.

Total value of contract	Quotes or tendering
>1,000 < = £10,000	Seek at least two quotes, at least one of which must be from a local supplier
>£10,000 < = £50,000	Seek at least three quotes, at least one of which must be from a local supplier
>£50,000 < = £100,000	Seek and get at least four <u>three</u> quotes, at least one of which must be from a local supplier ¹
Over £100,00	Tendering (EU procurement law and guidance must be followed for contracts over EU thresholds)

~~Heads of Service seeking quotations from potential suppliers for a contract with a value below £100,000 shall (subject to the following provisions) comply with requirements set out in the above table.~~

~~All quotes must be held by the head of service for 12 months after the renewal of the contract.~~

19.12 When is there no need to seek quotes or tenders?

¹ Local supplier' means a supplier who provides significant local benefits to the community, particularly through employing staff. An example would be a locally owned and independent enterprise.

The Head of Business improvement and Technology can approve the creation of a preferred supplier list in the following circumstances

- Where the services are not suitable or already available through an existing framework contract
- The suppliers have been subject to a pre-qualification assessment by the Procurement Team
- No single contract has a value of more than £100,000.

(a) Emergencies

If there is an emergency or a disaster, the Chief Executive can approve spending contractual arrangements outside these rules after consulting the Head of Finance. The leader must be told as soon as possible.

(b) Written approval of Head of Finance and Head of Business Improvement and Technology

Heads of service do not have to seek or obtain quotes for contracts with a value of £100,000 or less if, after submitting an explanatory report to the Head of Finance and the Head of Business Improvement and Technology, these officers have given their written approval to waive the requirement to seek or obtain quotes on the basis that to do so would create no overall economic benefit to the Council.

(c) Purchasing consortiums

Heads of service do not have to get quotes or go out to tender if they have used a purchasing consortium that can show it follows the law and good procurement practice.

19.13 Exclusion Lists

Any exclusion list permitted by the Public Contracts Regulations 2015 must be approved by the Head of Business Improvement and Technology.

19.14 Tendering of contacts over £100,000

If the total contract value is over £100,000 tenders must be sought. Tenders can also be sought for lower contract values. Tenders will be sought in accordance with the requirements of and the best practice specified by the EU Procurement Regulations. Clauses 19.14 and 19.15 set out the principal tendering methods but alternative methods may be used provided that they are compliant with the EU

Procurement Regulations and the Head of Business Improvement and Technology has given express agreement. ~~Whichever method of tendering is selected~~
Paragraphs 19.19, 19.20, 19.21 and 19.22 will apply to all tenders.

19.14-15 Open Tendering

~~(a) — A Head of Service can decide to get tenders for a contract by open competition.~~

~~(ba) The Council will publish a public notice:~~

Issue a call for competition via a PIN or advertisement on the Council's selected tendering portal
Public Contract Regulations 2015

If the total contract value is above the relevant EU threshold the notice will also be placed, in the Official Journal of the European Union – the notice will need to comply with EU regulations.

~~(eb) The notice will:~~

- ~~• say what the contract is for~~
- describe how to express interest in tendering
- give the deadline and arrangement for receipt of tenders

The notice must be published at least 14 days before the deadline for tenders. If the total contract value is above the EU threshold, EU rules must be followed. These require the notice to be published at least 35 days before the deadline for tenders based on the tenders being submitted electronically ~~52 days before the deadline for tenders.~~

19.1516 Restricted tendering

~~(a) A head of service can decide to limit the right to tender to people and organisations on a shortlist.~~

A restricted tender process can only normally be used only for a tender that exceeds is subject to the Public Contract Regulations 2015.

Expressions of interest will be sought via advertisement or the issue of a PIN notice on the Council's selected tendering portal and the Official Journal of the European Union.

A short list of bidders will be invited to tender based on their financial and technical capability to deliver the contract or through the provision of a self-declaration certificate together with any additional information required to demonstrate their capability to fulfil a contract.

The shortlist will be selected by the appointed tender evaluation team and will be approved by the relevant head of service and Head of Business Improvement and Technology. It should include at least five people or organisations who expressed an interest in tendering. If fewer than five people or organisations are considered suitable by the head of service then all of those suitable should be considered.

(b) In order to compile the shortlist the Council will publish a notice:

on the council's website and e tendering portal and if the total contract value is above the EU threshold, in in the the Official Journal of the European Union, if above the EU threshold. — the notice will need to comply with EU regulations.

if the total contract value is above the EU threshold, in the Official Journal of the European Union — the notice will need to comply with EU regulations.

(c) The notice will:

- say what the contract is for
- describe how to express interest in tendering
- give the deadline for tender

The notice must be published at least 14 days before the deadline for expressions of interest. If the total contract value is above the EU threshold, EU rules must be followed. These require the notice to be published at least 37 days before the deadline for expressions of interest 30 days based on the tenders being submitted electronically.

(d) ~~After the deadline for expressions of interest, invitations to tender will be sent to:~~

~~at least five people or organisations who expressed an interest in tendering — these will be selected by the head of service, either generally or for a particular contract or category of contracts~~

~~if fewer than five people or organisations are considered suitable by the head of service, all the ones that are considered suitable.~~

19.1617 **Negotiated tendering**

~~(a) Total contract value below the EU threshold~~

~~For contracts below the EU threshold that have been tendered, the Head of Finance may allow a head of service to negotiate with one or more contractors on terms.~~

(a) The negotiated tender process can only be used in limited circumstances where it is not possible to specify the exact requirements. In these instances the Council is required to comply with the Public Contract Regulations 2015

~~(b) Total contract value above the EU threshold~~

The EU negotiated procedure can only be used in very limited circumstances and in the main has been replaced by the competitive dialogue process and the competitive procedure with negotiation.

19.1718 **Other EU Procurement methods**

The following procedures can be used for individual contracts if the Head of Business Improvement and Technology agrees:

(a) Competitive dialogue

~~This~~ These procedures can be used for complex contracts. It allows the Council, through dialogue with providers, to develop the optimum contract valuation.

(b) Framework agreements

These are arrangements between the Council and providers that set terms for any contracts between them. Framework agreements are for a set period and should not normally be for more than four years.

(c) ~~eAuctions and eProcurement~~ Electronic Auction

eAuctions are electronic auctions where providers bid against each other to offer the lowest price. They are open to any provider that meets certain conditions and include all tenders that meet the specification. eProcurement covers a range of electronic procurement methods.

- (d) Framework agreement or one-off contract set up by another public organisation

This can be used if the public organisation has been the lead organisation in setting up the framework agreement or contract in accordance and has acted within national and EU law and the Council can properly join the contract.

- (e) Public auction

This can be used for buying or selling land and property.

- (f) Purchasing consortiums

Purchasing consortiums must be able to show that they follow EU procurement rules.

- (G) Innovation Partnership

This can only be used if there is a requirement to procure good, services or works currently not available to in the market and is to only be used to appoint a specialist organisation to innovate to deliver a new requirement.

19.1819 Acquiring and disposing of land and buildings

- (a) This rule applies to acquisitions and disposal of:

- freeholds or leaseholds with a consideration or premium over £500,000
- leases with a rental value over £125,000 per annum
- freeholds and leases for less than best consideration except when the acquisition or disposal is made:
- under a legal duty
- under a confirmed compulsory purchase order
- under a scheme that has already been agreed by the Board for acquiring or disposing of more than one piece of land or more than one building.

- (b) Before any ~~tenders are invited for~~ formal commitment is made to disposal of land or any provisional agreement is reached in negotiations or acquisitions or disposals, a report must go to the Board covering:

- the Council's present or most recent use of the land or buildings,
 - other uses the Council could make of the land or buildings
 - other uses a buyer could make of the land or buildings
 - the estimated value of the land or buildings
 - how the land or buildings will be disposed of.
- (c) Tenders for acquisition or disposal of property are not required to be submitted through the Council's e-tendering portal but must be held securely until after the tender deadline and opened after the deadline by two Officers nominated by the Regeneration and Major Projects Manager
- (d) After a provisional agreement has been reached on an acquisition or disposal, another report must go to the Board covering the terms of the disposal or acquisition and how the land or buildings will be used. If a disposal is for less than best consideration, the report must say why and whether consent is needed from the Secretary of State.

19.1920 Submitting a tender

- (a) Every tender must include a declaration that the tenderer has not:
- told anyone except the Council the amount of the tender
 - changed the amount of the tender as part of an agreement with anyone
 - lobbied councillors or officers about the tender.
- (b) Invitations to tender must be submitted via the Council's e-tendering portal

19.2021 Council's Handling of Tenders Received through Portal

- (a) Each tender received via the portal is automatically date and time stamped. The tender cannot be accessed until after the tender deadline.

- (b) If a tender includes a condition that was not in the tender documents and accepting the condition would give the tenderer an unfair advantage over other tenderers, the tenderer must remove the condition or withdraw the tender.
- (c) Tenders Documents from unsuccessful bidder tenderers must be kept by the Head of Business Improvement and technology head of service ~~for who invited them for~~ 12 months after the start of the contract and then destroyed confidentially.

19.2222 Accepting quotes and tenders

- (a) Total contract value less than £150,000

The head of service or Director may accept the most economically advantageous quote or tender if the Council is the buyer, or the highest if the Council is the seller, as long as:

- ~~There is budget provision~~ the spending is included in the Council's capital or revenue budget
- project approval has been obtained
- any key decisions have been included in the forward plan
- any organisation the Council is acting as agent for agrees.

- (b) Total contract value ~~less of~~ is over £150,000 ~~or over~~ but less than £500,000

A Director may accept the most economically advantageous tender if the Council is the buyer, or the highest if the Council is the seller, as long as:

- ~~There is budget~~ spending is included provision in the Council's capital or revenue budget
- project ~~budget~~ approval has been obtained
- any key decisions have been included in the forward plan
- any organisation the Council is acting as agent for agrees
- the ~~Executive Director~~ Head of Finance Organisational Development and Corporate Services, the Monitoring Officer and the Chief Executive have been consulted.

- (c) Total contract value £500,000 or over

Tenders of £500,000 or over ~~can only be accepted by the Board after considering~~ must be the subject of -a written report to the Board.-

19.23 Copies of contracts and register of contracts

(a) Keeping copies of old contracts

If the total contract value is over £10,000 the Head of Business Improvement and Technology will keep the contract in a secure place:

- for a least seven years from its end date if it was signed
- for a least 13 years from its end date if it was sealed,
- ~~however~~ but the head of service who invited the contract will still be responsible for managing it.

(b) Keeping a register of contracts

The Head of Business Improvement and Technology will keep a central register of contracts over £10,000.

All Heads of Service are required to provide the original of all contracts over £10,000 to the Head of Business Improvement and Technology.

(c) What will the register record?

For each contract, the register will record:

- what the contract is for
- the total contract value
- the name of the contractor
- the start and end dates
- the competitive tender process ~~procurement method~~ used
- whether the contract can be extended and how.

(d) Access to the register of contracts and contract documents

Members of the public have the right to see the register of contracts. A copy of all awarded contracts which commence in

or after June 2014 will be made available on the Council's website (subject to any applicable exemptions).

(e) Register of certified contracts

The Monitoring Officer will keep a register of all certificates issued under the Local Government (Contracts) Act 1997.

19.24 Legal claims relating to contracts

Claims by contractors will be considered promptly by the Head of Service. Heads of service must consult the Head of Law and Governance before agreeing to anything that could make the Council liable for more than £5,000 or unable to collect damages of more than £5,000.

19.25 Varying contracts

Contracts can only be varied when the contract allows and by a written instruction from the head of service or an officer they have appointed to manage the contract. Where such a variation would have a material impact on the nature of the contract or would materially alter its risk profile, advice must be sought and received from both Law and Governance and the procurement team before such variation is put into effect. Where the contract provides for an extension, the head of service may exercise the option to extend the contract up to the specified maximum period if satisfied that the extension of the contract provides best value.

Variations must not break any of the contract rules, the Public Contract Regulations 2015 or any terms of the contract.

19.26 Interpreting the contract rules

Questions about the contract rules and any related guidance will be dealt with by the Head of Business Improvement and Technology or the Head of Law and Governance.