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CONSTITUTIONAL REVIEW WORKING PARTY

23 FEBRUARY 2009

A meeting of the Constitutional Review Working Party will be held at **4.30 pm on Monday, 23 February 2009** at the Council Chamber, Cecil Street, Margate, Kent.

Membership:

Independent Members: Mrs Sterndale (Chairman) and Mr R Hills

Councillors: Green, Gregory, Harrison, Peppiatt and Mrs Sheldrick

Notes:

Should any Member require further information on any matter arising from this Agenda which is not fully covered in the accompanying papers, the Officer named above will be pleased to help.

A G E N D A

Item
No

Subject

1. **APOLOGIES FOR ABSENCE**

To receive any apologies from Members of the Working Party.

2. **MINUTES OF PREVIOUS MEETING** (Pages 1 - 6)

To agree the Minutes of the Constitutional Review Working Party meeting held on 10 April 2008, copy attached.

3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest. Members are advised to consider the extract from the Standard Board Code of Conduct for Members, which forms part of the Declaration of Interest Form at the back of this Agenda. If a Member declares an interest, they should complete that Form and hand it to the Officer clerking the meeting.

4. **CONTRACT STANDING ORDERS AND PURCHASING GUIDE** (Pages 7 - 70)

To consider the report of the Procurement and Facilities Manager.

5. **EXECUTIVE STRUCTURE - CABINET AND CABINET PORTFOLIOS** (Pages 71 - 82)

To consider the report of the Interim Head of Legal and Democratic Services as Monitoring Officer.

Item
No

Subject

6. **EXECUTIVE STRUCTURE - LEAD MEMBERS** (Pages 83 - 88)
To consider the report of the Interim Head of Legal and Democratic Services as Monitoring Officer.

7. **ESSENTIAL TRAINING FOR MEMBERS OF THE STANDARDS COMMITTEE** (Pages 89 - 92)
To consider the report of the Interim Head of Legal and Democratic Services as Monitoring Officer.

8. **STANDARDS COMMITTEE - REVIEW OF ARRANGEMENTS** (Pages 93 - 96)
To consider the report of the Interim Head of Legal and Democratic Services as Monitoring Officer.

9. **ESTABLISHMENT OF A GENERAL PURPOSES COMMITTEE** (Pages 97 - 100)
To consider the report of the Interim Head of Legal and Democratic Services as Monitoring Officer.

Declaration of Interest form - back of agenda

MINUTES OF THE CONSTITUTIONAL REVIEW WORKING PARTY 10 APRIL 2008

Present: - Mrs Sterndale (Chairman), Councillors; D Green, Harrison, Hayton, and Mrs Sheldrick.

Councillors Campbell and King also attended pursuant to Council Procedure Rule 24.1 and took part in the proceedings.

CRWP3 MINUTES

The minutes of the meeting of the Constitutional Review Working Party held on 19 February 2008 were agreed and signed by the Chairman.

Some Members were concerned that the minutes indicated that, at the meeting held on 19 February, they had agreed to recommending 'compulsory' training for Members and Substitutes serving on the Planning Committee.

The Monitoring Officer said that the matter of training could be re-visited at this meeting at the relevant agenda item.

CRWP3 DECLARATIONS OF INTEREST

No Declarations of Interest were made.

CRWP4 CONSTITUTIONAL REVIEW – PLANNING PROTOCOLS

Members considered the report of the Head of Development Services and Democratic Services Manager which set out the principles for amending the Protocol for the Guidance of Planning Committee Members and Officers, to be included in the Constitution for Thanet District Council.

Members agreed the following recommendations to the Standards Committee;

Site Visits

The amended Procedure Sheet as detailed below with the additional amendment (highlighted) be read out by the Chairman at the beginning of the site visit;

I **HAVE** TO POINT OUT THAT THIS SITE VISIT IS BEING CONDUCTED IN ACCORDANCE WITH THE COUNCIL'S PLANNING PROTOCOL.

THE SITE VISIT IS FOR MEMBERS TO SEE FOR THEMSELVES THE PROPERTY CONCERNED AND ASSESS THE SITUATION.

MEMBERS WILL RECEIVE AN INTRODUCTION TO THE APPLICATION FROM THE PLANNING OFFICER INCLUDING THE VIEWING OF THE PLANS SUBMITTED WITH THE APPLICATION.

MEMBERS MAY THEN PUT QUESTIONS TO THE PLANNING OFFICER.

AS CHAIRMAN I MUST RESTRICT ANY ATTEMPTS TO BROADEN THE SITE VISIT TO INCLUDE GENERAL DISCUSSION UPON THE MERITS OF THE APPLICATION.

THE APPLICATION WILL BE CONSIDERED AT THE NEXT PLANNING COMMITTEE MEETING WHICH IS TO BE HELD A 'WEEK WEDNESDAY' IN THE EVENING, WHERE THE MEMBERS WILL DISCUSS THE MERITS OF THE PROPOSAL.

Point 3.6 of the protocol to read;

“No public speaking will be permitted at site visits, but a Ward Member or other designated Member, and a representative of Parish/Town Councils may be permitted to share information”.

Public Speaking at Planning Committee

To retain public speaking at Planning Committee with one speaker for the application and one speaker raising points of concern and the applicant to speak first as at present.

In the case of major planning applications (as defined by the Town & Country Planning (General Development Procedure) Order 1995, a maximum number of three members of the public will be permitted to speak against the application, provided they have different points to make to the Committee. This will help avoid duplication. It shall only be necessary for one speaker to represent the applicant.

Agenda Planning and Public Access to Agendas, Plans and Minutes

To amend the Working Party's previous decision, by offering agenda planning meetings to both the Chairman and Vice-Chairman.

Training for Members and Substitute Members of the Planning Committee

The wording in the protocol (Annex 2 of the report) with regards to training should be amended. The Democratic Services Manager would re-word the protocol to indicate the Working Party's recommendation to strongly encourage Members and Substitutes of the Planning Committee to undertake training. This would be reflected in the recommendations to the Standards Committee for consideration.

Delegations to Serve Notice

Members agreed in principle that a Summary of Notices served, and outcomes of service were to be reported to the Planning Committee but required this to be more frequent than annually. A quarterly frequency was suggested for agreement by the Standards Committee and amended accordingly.

Ward Councillors would be kept informed via the Members Portal and other methods, possibly the weekly Planning List.

Quality Reviews

That the undertaking of quality reviews be added to the terms of reference of the Planning Committee.

That twice every year the Planning Committee will site visit a series of completed developments recently given planning consent to review how successful, with reference to the permission granted, and attached conditions, the schemes have been.

The Head of Development Services produces a schedule of sites to review, and agrees its final content with the Committee Chairman and Vice-Chairman, before each quality review takes place.

Such reviews include a cross-section of applications by scale and type.

Planning Protocol

That the revised planning protocol set out in Annex 2 be approved with the above amendments included as necessary for submission to Standards Committee and Council, for inclusion in the Council's constitution.

Further review

That a fuller review of the planning protocol be undertaken during 2008/09, using the draft protocol prepared by Kent County Council"

Material Change to an application

Point 11.1 of the protocol should be amended to read;

"No material change to any planning application shall be considered unless it has been the subject of a written appraisal by Officers, and has had adequate public consultation, and has been published in the agenda for the relevant meeting."

And an additional point 11.2 should be added to the protocol to read;

"No minor change to any planning application shall be considered unless it has been published in the agenda for the relevant meeting.

Lobbying

Point 2.3 to be amended to read;

"Planning Councillors should not organise support or opposition, lobby other Councillors, act as an advocate or put pressure on Officers for a particular recommendation. However, a Member of Council may address a Planning committee under Council Procedure Rule 24.1".

Site Meetings

It was agreed that this matter would be brought back for consideration as they were of a different nature to Site Visits and involved a presentation or briefing for Members on major applications. At present the public were able to speak at the meetings, but there was no protocol for these meetings.

CRWP5 EAST KENT JOINT WORKING - ESTABLISHMENT OF JOINT COMMITTEES FOR DISCHARGE OF FUNCTIONS AND FOR SCRUTINY

Members considered the report of the Corporate Director and Monitoring Officer and the Democratic Services Manager which set out proposals for, and the suggested terms of reference of, joint committees in east Kent for (a) the discharge of shared functions, and (b) undertaking overview and scrutiny relating to any such shared services.

The report was written in liaison with the Corporate Director – Environment, Shepway District Council, the Solicitor to the Council, Dover District Council, the Head of Legal & Democratic Services, Canterbury City Council, and the Director of Law and Governance, Kent County Council.

Councillor Harrison gave the Working Party a run-through of the comments of Scrutiny. It was noted that the full comments of Scrutiny would be appended to the report to the Standards Committee on 22 April 2008.

Moved by Councillor Hayton and seconded by Councillor Mrs Sheldrick that:

"The Constitutional Review Working Party recommends to the Standards Committee the following:

1. That the Council and the Executive (in relation to the Joint Arrangements Committee):

- (a) approve the establishment of a joint committee comprising Canterbury City Council, Dover District Council, [Kent County Council,] Shepway District Council and Thanet District Council, to be known as the East Kent (Joint Arrangements) Committee, with effect from 1 June 2008
- (b) approve the terms of the Operating Arrangements for the East Kent (Joint Arrangements) Committee as set out in Appendix 1
- (c) approve the delegation of functions to the East Kent (Joint Arrangements) Committee as set out in paragraph 3 of this report and Schedule 1 of the East Kent (Joint Arrangements) Committee Operating Arrangements

2. That the Council with the Agreement of the Executive:

- (a) appoints the Leader and Deputy Leader from time to time as the two nominated members of the Council in accordance with the East Kent (Joint Arrangement) Committee Operating Arrangements, with the Chief Executive authorised to effect such substitutions in consultation with the Leader as are referred to in 2(b) below
- (b) authorises all other members of the Executive to act as substitutes for the Leader and the Deputy Leader as mentioned in the East Kent (Joint Arrangements) Committee Operating Arrangements

3. That Council (in relation to the East Kent (Joint Scrutiny) Committee):

- (a) approves the establishment of a joint scrutiny committee comprising Canterbury City Council, Dover District Council, [Kent County Council,] Shepway District Council and Thanet District Council, to be known as the East Kent (Joint Scrutiny) Committee, with effect from 1 June 2008
- (b) approves the East Kent (Joint Scrutiny) Committee Operating Arrangements set out in Appendix 2
- (c) approves the terms of reference for the East Kent (Joint Scrutiny) Committee as set out in the East Kent (Joint Scrutiny) Committee Operating Arrangements :
- (d) appoints Councillors X, Y and Z to serve on the East Kent Joint Scrutiny Committee in accordance with the East Kent (Joint Scrutiny) Committee Operating Arrangements”

MOTION ADOPTED.

CRWP6 ARRANGEMENTS FOR THE DEVOLUTION OF RESPONSIBILITIES FROM THE STANDARDS BOARD FOR ENGLAND

Members considered the report of the Democratic Services Manager to decide local arrangements following the planned devolution of responsibilities from the Standards Board for England to the Council.

Members noted that Members of the Standards Committee had attended training sessions to prepare for the emerging role in the new sub committees.

Although the sub committee dates were within the draft Committee Calendar of Meetings to be agreed by the Standards Committee and Annual Council, it was noted that they would be cancelled if there were no cases to be heard.

Moved by Councillor Hayton and seconded by Councillor Mrs Sheldrick that:

“The Constitutional Review Working Party agrees in principle to the establishment of a Standards Referrals and Hearings Sub-Committee and a Standards Appeals Sub-Committee”

MOTION ADOPTED.

CRWP7 PROTOCOL ON MEMBER BRIEFINGS, ENQUIRIES, CONTACT & CORRESPONDENCE

Members considered the report of the Corporate Director and Monitoring Officer in reference to the adoption of a Protocol dealing with the way in which information is used and shared within the Council and specifically Member Briefings, Enquiries, Contact & Correspondence.

The protocol had been drafted after extensive discussion with the Group Leaders and provided a framework for Officers to work from.

Moved by Councillor Harrison and seconded by Councillor Hayton that:

“The Constitutional Review Working Party commends the draft Protocol to the Standards Committee and Council without amendment”

MOTION ADOPTED.

CRWP8 PROTOCOL ON PROBITY

Members considered the report of the Corporate Director and Monitoring Officer which presented a draft Protocol to address situations when Members may wish or feel compelled to deal with Probity matters.

Members requested that the word ‘Probity’ be replaced by words that made it clearer that the protocol related to alleged misconduct on failure to comply with Council procedures, and would not apply to discussions of policy.

Moved by Councillor Harrison and seconded by Councillor D Green that:

“The Constitutional Review Working Party agrees the draft Protocol and commends it to the Standards Committee and Council”

MOTION ADOPTED.

CRWP9 COMMITTEE CALENDAR 2008/09

Members considered the report of the Democratic Services Manager in reference to the principles for establishing a calendar of meetings for 2008/09 and sought agreement to the specific meeting dates during 2008/09.

Members suggested that Mondays were not used for meetings, as was the historical case, but were advised that the Standards Sub Committee meetings allocated to Mondays would be cancelled if there was no business to be discussed.

Members requested that the Group meeting dates were looked at to avoid any conflict in dates. The Democratic Services Manager agreed to look at the dates. Members also requested that the Group meetings were included in Members’ diaries when produced.

Moved by Councillor Hayton and seconded by Councillor Harrison that:

“The calendar of meetings in Annex 2 of the report be adopted for 2008/09”

MOTION ADOPTED.

CRWP10 GOVERNANCE AND AUDIT COMMITTEE QUORUM REVIEW

Members considered the report of the Corporate Governance Officer which reviewed the quorum of the Governance and Audit Committee.

Moved by Councillor Harrison and seconded by Councillor Mrs Sheldrick that:

“Approval is given to increase the quorum to 50% for the Governance and Audit Committee, and that the Terms of Reference be revised to reflect this change”

MOTION ADOPTED.

Meeting ended at 10.10pm

CONTRACT STANDING ORDERS & PURCHASING GUIDE

To: **Constitutional Review Working Party**

Main Portfolio Area: **Finance & Corporate Services**

By: **Karen Paton, Procurement and Facilities Manager**

Classification: **Unrestricted**

Summary: Replacement of current Contract Procedure Rules with new Kent standardised Contract Standing Orders

For Decision

1.0 Introduction and Background

1.1 The attached Contract Standing Orders and an associated Purchasing Guide were developed by the Kent Legal Secretaries Group during 2008 to promote and achieve a level of consistency and commonality of approach across Kent local authorities. Most of local authorities have, or are in the process of adopting them in content and it is hope this will not only assist with joint working and collaborative procurement exercises but also give a “level playing field” and a common platform for our suppliers when doing business with us.

2.0 The Current Situation

2.1 A recent internal audit in respect of officer application and compliance with the Council's current Contract Procedure Rules resulted in a limited assurance rating in respect of compliance. It was felt appropriate and timely to review the rules and at the same time look to achieve a level of standardisation with neighbouring local authorities. This will include enhanced monitoring of compliance and improved arrangements for approval of waivers. Reporting of compliance monitoring data and notification of waivers will be made to Cabinet and retrospective waivers will also be reported to Governance and Audit Committee.

3.0 Options

- 3.1 To recommend adoption of the Kent Contract Standing Orders and Purchasing guide.
- 3.2 Retain current Contract Procedures Rules and accept non standardisation with other Kent Local Authorities.

4.0 Corporate Implications

4.1 Financial

4.1.1. Use of developed standardised documents has ensured costs limited to officer resource time incurred whilst undertaking Thanet Council adaptation and consultation with Managers.

4.2 Legal

- 4.2.1 These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972.
- 4.2.2 Legal Services have been consulted and their advice acted upon in adaptation of content.

4.3 Corporate

- 4.3.1 These CSO's and purchasing guide are aligned with the Corporate Plan objective, Modern Council containing the core obligations and statutory legal requirements associated with a robust purchasing framework including:
- The relevant EU Rules and EC Treaty Principles that require the Council to ensure in acts in a way that is open and transparent and ensures equal treatment of all contractors, and permits appropriate competition.
 - Principles of sustainability, efficiency, whole life costing and cost savings.
 - General principles applying to all contracts including legal obligations of contractors to comply with all relevant legislation i.e. equalities, health & safety etc.
 - Application mitigates risk of challenge and damage to reputation and reinforces probity of process.

4.4 Equity and Equalities

- 4.4.1 These Contract Standing Orders and Purchasing guide identify statutory requirement under European and UK law and obligations placed on the contractor to comply with relevant legislation. Application of these CSO's and Purchasing guide are contained within the Equality Impact Assessment for Procurement

5.0 Recommendation(s)

- 5.1 The Constitutional Review Working Party approve and recommend to Standards Committee and Full Council the adoption of these Contract Standing Orders and Purchasing Guide and associated amendment to the Constitution as required.

6.0 Decision Making Process

- 6.1 The Contract Standing Orders and Purchasing Guide have been consulted via management and are supported for adoption by CMT. Presented to the Working Party to approve and recommend adoption to the Standards Committee and subsequently Council.

Contact Officer:	Karen Paton, Procurement and Facilities Manager, Ext 7111
Reporting to:	Sue McGonigal, Director of Finance and Corporate Services

Annex List

<i>Annex 1</i>	Kent Contract Standing Orders for Thanet
<i>Annex 2</i>	Kent Purchasing Guide for Thanet

Background Papers

Title	Details of where to access copy
EK Audit Partnership – Final report of compliance with Contract Procedure Rules	Procurement Unit

Corporate Consultation Undertaken

Finance	Sue McGonigal, Sarah Martin, Linda Taylor, Ginny Bax
Legal	Judith Woodward
Management Conference delegates	Senior Managers
Corporate Management Team	CMT

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Contract Standing Orders

Kent Authorities' Contract Standing Orders at Thanet

Contract Standing Orders

Kent Authorities' Contract Standing Orders at Thanet

1 Introduction – Purpose of the Contract Standing Orders

- 1.1 Purchasing decisions and processes are important because the money involved is public money. The purpose of these Contract Standing Orders is to provide a structure within which purchasing decisions are made and implemented and which ensure that the Council:
 - 1.1.1 Furthers its corporate objectives
 - 1.1.2 Uses its resources efficiently
 - 1.1.3 Purchases quality goods, services and works
 - 1.1.4 Safeguards its reputation from any implication of dishonesty or corruption.
- 1.2 Purchasing by the Council, from planning to delivery, shall incorporate (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings.
- 1.3 These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972.
- 1.4 These Contract Standing Orders do not provide guidelines on what is the best way to purchase works, supplies (goods) and services. They set out minimum requirements to be followed. Further information and guidelines are set out in the Council's Purchasing Guide that accompanies this document.

2 General Principles – Application and Compliance with Contract Standing Orders

- 2.1 These Contract Standing Orders apply to the purchase by or on behalf of the Council of works, supplies (goods) and services.
- 2.2 These Contract Standing Orders apply to all contracts including all purchase orders, concessions and contractual arrangements entered into by or on behalf of the Council, except for the specific types of contracts and purchasing methods which are listed in 2.3.
- 2.3 These Contract Standing Orders do not apply to:
 - 2.3.1 Employment contracts
 - 2.3.2 Contracts relating solely to the purchase or sale of interests in land
 - 2.3.3 Contracts for retention of legal counsel and the appointment of expert witnesses in legal proceedings
 - 2.3.4 Service level agreements setting out the conditions which the Council applies to its funding of particular voluntary sector bodies.
 - 2.3.5 Post Entry Training Schemes

3 General Principles Applying to All Contracts

- 3.1 There should be written evidence of all purchases.

- 3.2 Standard contract clauses shall be used in all contracts of a value of £10,000 or more. The standard contract clauses are issued by Legal and Democratic Services and can be found on the intranet.
- 3.3 As a minimum, all contracts of a value of £10,000 or more shall include clauses which set out:
 - 3.3.1 The works, supplies (goods), services, material, matters or things to be carried out or supplied
 - 3.3.2 The time within which the contract is to be performed
 - 3.3.3 Quality requirements and/or standards which must be met
 - 3.3.4 Requirements on the contractor to hold and maintain appropriate insurance
 - 3.3.5 What happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part)
 - 3.3.6 Requirements on the contractor to comply with all relevant equalities and health and safety legislation
 - 3.3.7 That the Council shall be entitled to cancel the contract and recover losses in the event that the contractor does anything improper to influence the Council to give the contractor any contract or commits an offence under the Prevention of Corruption Acts 1889 to 1916 or s117(2) Local Government Act 1972.
- 3.4 Written contracts shall not include non-commercial terms unless these are necessary to achieve best value for the Council. In this context, “non commercial” means requirements unrelated to the actual performance of the contract.
- 3.5 All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and the information set out in the Council’s Purchasing Guide.
- 3.6 All contracts of a value of £10,000 or more or which involve a substantial risk to the Council must be subject to a written risk assessment, which should be kept on the contract file held by the responsible officer.

4 Regulatory Context

- 4.1 All purchasing shall be conducted in accordance with Regulatory Provisions which are:
 - 4.1.1 All relevant statutory provisions
 - 4.1.2 The relevant EU Rules and EC Treaty Principles which are defined in the Council’s Purchasing Guide
 - 4.1.3 The Council’s Constitution including these Contract Standing Orders, the Council’s Financial Procedure Rules and Scheme of Delegation
 - 4.1.4 The Council’s Purchasing Guide and other policies and procedures of the Council as appropriate.
- 4.2 In the event of conflict between the above, **the EU Rules will take precedence**, followed by UK legislation, then the Council’s Constitution, the Council’s Purchasing Guide and guidelines, policies and procedures.

5 Responsibilities of Directors, Service Managers and Responsible Officers

- 5.1 Each Director shall have overall responsibility for the purchasing undertaken by his/her Directorate.
- 5.2 Each Service Manager shall be responsible for the purchasing undertaken by his or her service and shall
 - 5.2.1 be accountable to the Director for the performance of his/her duties in relation to purchasing
 - 5.2.2 comply with the Council's decision making processes including, where appropriate, implementing and operating a Scheme of Delegation
 - 5.2.3 appoint a Responsible Officer in writing who shall be an authorised signatory
 - 5.2.4 take immediate action in the event of breach of these Contract Standing Orders.
- 5.3 A Responsible Officer is an officer with responsibility for conducting purchasing processes for the purchase of works, supplies (goods) or services on behalf of the Council.
- 5.4 A Responsible Officer's duties in respect of purchasing are to ensure:
 - 5.4.1 compliance with all Regulatory Provisions and integrity of the tender process
 - 5.4.2 compliance with the relevant statutory provisions and the Council's requirements relating to declarations of interest affecting any purchasing process
 - 5.4.3 that there is an appropriate analysis of the requirement, timescales, procedure and documentation to be used
 - 5.4.4 the purchasing process, from planning to delivery incorporates (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings
 - 5.4.5 compliance with the Council's decision making processes
 - 5.4.6 that all contracts of a value of £75,000 or more are included on the Council's Contract Register
 - 5.4.7 that proper records of all contract award procedures, waivers, exemptions and extensions are maintained, with separate files for each purchase of a value of £75,000 or more
 - 5.4.8 that value for money is achieved
 - 5.4.9 that adequate and appropriate security (such as a bond or guarantee) is taken to protect the Council in the event of non-performance.
- 5.5 In considering how best to procure works, supplies and services, Directors, Service Managers and/or Responsible Officers (as appropriate in the context), shall take into account wider contractual delivery opportunities and purchasing methods including the use of Purchasing Schemes and e-procurement/purchasing methods, and the availability of local authority charging and trading powers under the Local Government Act 2003.
- 5.6 It is a disciplinary offence to fail to comply with these Contract Standing Orders and the Council's Purchasing Guide. All employees have a duty to report breaches of Contract Standing Orders to the Section 151 Officer or the Head of Legal and Democratic Services.
- 5.7 Any officer or Member who suspects any misconduct or corruption in relation to the purchase by or on behalf of the Council of works, supplies (goods) and services must refer to the Council's Whistleblowing Code which can be found on the intranet and follow the guidance contained within.

6 Scheme of Delegation

- 6.1 Council purchasing may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Council's Scheme of Delegation. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge for the task and such delegation shall be recorded in writing by the officer delegating the task and notified to the relevant Service Manager.
- 6.2 Each Service Manager shall inform officers, where appropriate, of the extent of any delegated authority and applicable financial thresholds.

7 Financial Thresholds and Procedures

- 7.1 The table below sets out the general rules applying to the choice of purchasing procedure for contracts at the stated threshold values.
- 7.2 There is a general presumption in favour of competition. Wherever possible contract opportunities should be advertised by way of a public notice and/or the Council's and South East Centre Of Excellence Business Portal. The Council must consider the potential effect of a contract on interstate trade (at a European level). If a contract may be of interest to contractors from other member states then this may result in a need to advertise in a manner which ensures that potential contractors from other member states are aware of the opportunity, even for small value contracts or contracts under the EU Threshold levels outlined below.
- 7.3 The public notice referred to at 7.2 may take the form of a notice or advertisement in an electronic or paper format, on an easily accessible website or other electronic media and/or in the press, trade journals or Official Journal of the European Union ("OJ") (as appropriate). The Responsible Officer may choose to place one or more public notices in different media.
- 7.4 **Table setting out financial thresholds and procedures**

Total value £	Type of contract	Procedure to be used
1,000 to 9,999	Works, supplies and services	At least one quote in advance
10,000 to 74,999	Works, supplies and services	At least three written quotes in advance
75,000 to 139,893**	Works, supplies and services	At least three written tenders in advance, following advertisement by public notice
139,893** plus **EU Threshold for supplies and services	Supplies and services	EU Rules apply – full competitive process following advertisement in the OJ for supplies and Part A* services. For Part B* services reduced requirements apply under the EU Rules but there is a presumption in favour of advertising and a competitive process
139,893 to 3,497,313**	Works	Full competitive process with tenders following advertisement by public notice
3,497,313** **EU Threshold for works	Works	EU Rules apply – full competitive process with tenders following OJ advertisement

* *For the purposes of the EU Rules services are divided into two types and the EU Rules apply to a different degree. Responsible Officers should act cautiously and seek advice when considering the procedure to be used and application of the EU Rules to services contracts.*

** *or relevant threshold in force at the time under the EU Rules.*

7.5 Where contracts are of a type and value that mean the EU Rules apply to them then there are four main types of EU procedures available. These are the open, restricted, competitive dialogue and competitive negotiated procedures. Care must be taken to ensure that the correct and most appropriate procedure is used and assistance on the choice and use of EU procedure should be sought from Legal & Democratic Services and process progressed via the Procurement Unit

8 Financial Thresholds and Processes Applying to Approval and Execution of Contracts

8.1 For contracts over the relevant EU threshold (in force at the time), the choice of purchasing procedure to be used and the decision to proceed to advertisement must be authorised in writing by the relevant Service Manager in consultation with the Head of Legal and Democratic Services in advance.

8.2 When a decision is made to award a contract then the Responsible Officer must, in addition to complying with his/her general obligations under these Contract Standing Orders ensure, in particular, that:

8.2.1 the appropriate approvals have been obtained to authorise that decision; and

8.2.2 where appropriate, a standstill period complying with the EU Rules is incorporated into the final award process.

8.3 Any contracts valued at £75,000 or above shall be executed as a deed under the Council's common seal. Officers with appropriate delegated authority may sign all other contracts. £10,000 shall be the threshold for the purposes of Regulation 8 of the Local Authority (Executive Arrangements) (Modification of Enactments and Further Provisions) (England) Order 2001.

8.4 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the Director of Customer Services & Business Transformation and the Head of Legal and Democratic Services.

9 Calculating the Contract Value

9.1 The starting point for calculating the contract value for the purposes of these Contract Standing Orders is that the contract value shall be the genuine pre-estimate of the value of the entire contract excluding Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (**including proposed extensions and options**).

9.2 There shall be no artificial splitting of a contract to avoid the application of the provisions of the EU Rules and/or these Contract Standing Orders.

9.3 The EU Rules can cover contracts, which are below the stated EU threshold, where they constitute repeat purchases and/or purchases of a similar type in a specified period. Responsible Officers should therefore seek advice on the application of the EU Rules where they envisage that they may require to make such purchases.

10 Principles Underlying Tendering Processes and Tender Evaluation

- 10.1 All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner so as to ensure:
 - 10.1.1 Sufficient time is given to plan and run the process
 - 10.1.2 Equal opportunity and equal treatment
 - 10.1.3 Openness and transparency
 - 10.1.4 Probity
 - 10.1.5 Outcomes that deliver sustainability, efficiency and cost savings (where appropriate).

11 Submission and Opening of Tenders

- 11.1 An Invitation to Tender shall be issued by the Council for all contracts over £75,000 and tenders shall be submitted in accordance with the requirements of the Invitation to Tender.
- 11.2 Any tenders received (other than those received electronically, to which 11.3 shall apply) shall be:
 - 11.2.1 addressed to the Democratic Services Manager
 - 11.2.2 in a sealed envelope marked "Tender" followed by the subject matter to which it relates
 - 11.2.3 kept in a locked cabinet by Democratic Services
 - 11.2.4 retained unopened until the date and time specified for its opening.
- 11.3 Where the Council has indicated in the Invitation to Tender that a tender can or must be submitted electronically, then those tenders shall be:
 - 11.3.1 addressed to the e-mail address as notified in the Invitation to Tender
 - 11.3.2 in the format specified in the Invitation to Tender
 - 11.3.3 stored in a secure mailbox, which requires a code or other appropriate security measure, to open it
 - 11.3.4 retained unopened until the date and time specified for its opening.
- 11.4 No tender received after the time and date specified for its opening shall be accepted or considered by the Council unless the relevant Service Manager is satisfied that there is sufficient evidence of the tender having been dispatched in time for it to have arrived before the closing date and time, or other exceptional circumstances apply and the other tenders have not been opened.
- 11.5 Where Tenders are expected to have a value in excess of £75,000, they shall be opened in the presence of the appropriate Portfolio Holder or another Cabinet Member, a Procurement Officer, one Responsible Officer nominated by the relevant Service Manager and a Democratic Services Officer to undertake the completion of the Record of Receipt of Tender Document of tenders received including names and addresses and the date and time of opening .

11.6 The tender opening process is set out in detail at Appendix 1 to these contract standing orders.

12 Evaluation of Quotes and Tenders

- 12.1 All quotes and tenders shall be evaluated in accordance with evaluation criteria notified in advance to those submitting quotes/tenders.
- 12.2 Tenders subject to the EU Rules shall be evaluated in accordance with the EU Rules.
- 12.3 Save in exceptional circumstances approved in advance by the relevant Service Manager all contracts shall be awarded on the basis of the quote or tender which represents best value for money to the Council and not on the basis of lowest price.

13 Waivers

- 13.1 The requirement for the Council to conduct a competitive purchasing process for contracts in excess of £10,000 may be waived in the following circumstances.
 - 13.1.1 For contracts which are not subject to the EU Rules, the work, supply or service is required as a matter of urgency and a delay would be likely to lead to financial loss, personal injury or damage to property; or
 - 13.1.2 the circumstances set out in the Public Contract Regulations 2006 Regulation 14 apply (whether or not the contract is of a type which is subject to the application of the EU Rules); or
 - 13.1.3 the contract is awarded under a Purchasing Scheme of a type where a competition has already been undertaken on behalf of the Council; or
 - 13.1.4 at the discretion of the relevant Director who may proceed in a manner most expedient to the efficient management of the service/Council with reasons recorded in writing.
- 13.2 A Responsible Officer who seeks a waiver of Contract Standing Orders, shall do so only in advance and only in exceptional circumstances. Further guidance on what may constitute exceptional circumstances permitting waiver of these Contract Standing Orders is set out in the Council's Purchasing Guide.
- 13.3 All waivers from these Contract Standing Orders must be:
 - 13.3.1 Fully documented
 - 13.3.2 Subject to a written report in an approved format, available on the intranet, to be submitted **in advance** to the relevant Director which shall include reasons for the waiver which demonstrate that the waiver is genuinely required
 - 13.3.3 Subject to **approval in advance** by the Section 151 Officer who shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional. Applications for waivers which are a result of poor contract planning will rarely be considered genuinely exceptional.
 - 13.3.4 Subject to periodic report to Cabinet by Procurement Unit and retrospective waivers will also be reported via Governance & Audit Committee
- 13.4 All decisions on waivers must take into account:
 - 13.4.1 Probity

- 13.4.2 Best value/value for money principles.
- 13.5 For contracts subject to the EU Rules, any waiver from the requirement for competition must meet the conditions set out in the EU Rules in addition to the general requirements above.

14 Extensions to Existing Contracts

- 14.1 Where extensions to existing contracts are made the extensions must be determined in accordance with the contract terms, for a specified period and made in accordance with the principles set out in the Council's Purchasing Guide.
- 14.2 Any extension must be:
 - 14.2.1 Fully documented and notified to the Procurement Unit to update Contract Register
 - 14.2.2 Subject to a written report in an approved format to be submitted to the relevant Director and Section 151 officer, which shall include reasons for the extension which demonstrate that the need for the extension is genuinely exceptional
 - 14.2.3 Subject to approval by the Director and Section 151 officer, and section 151 officer, who shall record that they have considered the reasons for the extension and that they are satisfied that the circumstances justifying the extension are genuinely exceptional
- 14.3 Any extension must take into account:
 - 14.3.1 Probity
 - 14.3.2 Best value/value for money principles.
- 14.4 For contracts subject to EU Rules, any extension must meet the conditions set out in the EU Rules in addition to the more general requirements set out above.

15 Purchasing Schemes

- 15.1 A Responsible Officer may use Purchasing Schemes subject to the following conditions and the Council's Purchasing Guide.
- 15.2 Responsible Officers must check in advance that
 - 15.2.1 The Council is legally entitled to use the Purchasing Scheme
 - 15.2.2 The purchases to be made do properly fall within the coverage of the Purchasing Scheme
 - 15.2.3 The establishment and operation of each Purchasing Scheme is in compliance with the EU Rules (where they apply) and meets the Council's own requirements.
- 15.3 A "Purchasing Scheme" may include:
 - 15.3.1 Contractor prequalification lists/select lists
 - 15.3.2 Framework arrangements (including those set up by the Office of Government Commerce, Central Buying Consortium, Kent Commercial Services)
 - 15.3.3 Purchasing arrangements set up by central purchasing bodies and commercial organisations
 - 15.3.4 Consortium purchasing
 - 15.3.5 Collaborative working arrangements
 - 15.3.6 Formal agency arrangements

15.3.7 E-procurement/purchasing schemes and methods

15.3.8 Other similar arrangements such as the IDeA Marketplace

15.4 Where a Purchasing Scheme is used then there shall be a whole or partial exemption from the obligations under these Contract Standing Orders in respect of the choice and conduct of procedures to the extent permitted and indicated in the Council's Purchasing Guide.

16 Review and Changes to these Contract Standing Orders

16.1 These Contract Standing Orders shall be reviewed and updated on a regular basis. Save in the case of revisions to the EU Thresholds in Contract Standing Order 7, amended Contract Standing Orders shall be recommended by the Governance and Audit Committee to Council. The Head of Legal & Democratic Services will make revisions to the EU Thresholds.

17 Standard Clauses

17.1 Each contract shall include standard clauses, or those indicated where applicable dependant on the nature of the contract, on

17.1.1 Anti Fraud and Corruption

17.1.2 Prevention of Assignment

17.1.3 Equal Opportunities

17.1.4 Health and Safety

17.1.5 Freedom of Information Act 2000

17.1.6 TUPE and workforce matters as applicable

17.1.7 Child Protection and Safeguarding Children where applicable

17.1.8 Liquidated Damages where applicable

17.1.9 Protocol for performance data sharing by contractors where applicable.

Tender opening

Instructions to opening officers

- Present: Appropriate Portfolio Holder or another Cabinet Member
 Procurement Officer
 Responsible Officer
 Democratic Services Officer
- Requirements: Unopened tenders
 Record of Receipt of Tenders Form - summarising tenders opened

1. General

- 1.1 Before opening the tenders the Democratic Services Officer shall check with the Support Services Manager that the post box was emptied and any tenders collected from Main Reception at the designated time for receipt; and that all tenders received up to that date are in his possession.
- 1.2 All tenders given to the Democratic Services Officer should be properly sealed, dated and timed on receipt and show no signs of being tampered with. Where there is evidence of tampering the tender may still be opened but the Democratic Services Officer shall make a statement to that effect on the Record of Receipt of Tenders Form. If in doubt the Democratic Services Officer should refer the matter immediately to the Department concerned.
- 1.3 The Democratic Services Officer shall ensure prior to opening that each set of tenders to be opened are identifiable as relating to the same scheme. At this stage the Democratic Services Officer should ascertain whether any late tenders have arrived (see Note 2 below).
- 1.4 Tenders should be opened as soon as possible but no earlier than 24 hours after the designated time for receipt and arrangements should be made in advance of that time with both Council Officers and Councillor to facilitate the procedure.
- 1.5 Although it is not the duty of the Democratic Services Officer to analyse the technical content of tenders the officer shall at least take note of any tender qualifications (normally in the form of a letter) and bring them to the attention of the Department concerned. For these purposes it is best to make a brief note on the Record of Receipt of Tenders Form.
- 1.6 The Democratic Services Officer shall not destroy any of the tender envelopes but shall return them to the department who invited the tenders who shall consider their future retention. All envelopes relating to opened late tenders shall be kept.
- 1.7 If due to unusual circumstances a problem arises which is not covered by this code and cannot be resolved by the Democratic Services Officer advice should be immediately sought from the Head of Legal and Democratic Services.
- 1.8 One copy of the Record of Receipt of Tenders Form is to be kept by the Democratic Services Section and one copy sent to each of the following: the Client Department, Legal & Democratic Services and one copy to be delivered immediately to the Financial Services Manager for budgetary purposes.

2. Late tenders (see CSO 11.4)

- 2.1 A late tender is any tender arriving after the designated time on or after the appointed day. In respect of all such tenders the envelopes shall be endorsed "late tender" and shall specify the time and date received together with the signature of the receiving officer.
- 2.2 If any late tenders are received they may only be opened with a view to acceptance if the conditions in contract standing order 11.4 are met, namely, 'no tender received after the time and date specified for its opening shall be accepted or considered by the council unless the relevant Service Manager is satisfied that there is sufficient evidence of the tender having been dispatched in time for it to have arrived before the closing date or time, or other exceptional circumstances apply and the other tenders have not been opened'.
- 2.3 In cases where late tenders are opened a note to that effect shall be made clearly on the Record of Receipt of Tender Form and the envelope in which the tender arrived shall be retained.

3. Tender opening instructions for each tender opened

Opening officer duties	Second officer duties
Normally Democratic Services Officer	Normally Responsible Officer or Procurement Officer
Open envelope and remove tender.	
Read out name and address of contractor as shown on Form of Tender.	Check that name and address agrees with RRT Form (See Note A over page)
Check that the Form of Tender is filled in correctly, ie: <ul style="list-style-type: none"> a) Contractor's name; b) the contract for which he is tendering; c) Tender sum: words and figures agree; d) the Form of Tender is signed and dated by the contractor. 	
Read out tender sum.	Write down tender sum next to relevant contractor on RRT (see Note B).
Check that amount entered on RRT agrees with tender - if so, initial form of tender in bottom right hand corner and pass documents, envelope and RRT to Second Officer.	Pass RRT to Opening Officer.
Repeat process for each tender received.	Check that tender sum agrees with that entered on RRT and, if so, initial next to Opening Officer on the Form of Tender and place tender back in envelope. Once all tenders have been dealt with RRT will indicate those contractors (if any) from whom a tender has not been received. In such cases the RRT, shall be clearly endorsed "No Tender Received".

Once this procedure has been followed, and provided that all officers are satisfied that their duties have been carried out correctly, the RRT should be signed by each officer and endorsed with the date and time at which these procedures were completed. The Councillor present shall also sign the RRT form to confirm their satisfaction with the tender opening procedures. The tender envelopes and a copy of RRT can then be forwarded to the Client Department.

NOTE A: In the event that a tender is returned from a firm other than that invited, including a subsidiary or alternative division, the details of the firm and his tender price shall still be entered on the RRT by the Second Officer and endorsed to the effect that this tender was received in addition to those invited.

NOTE B: In those circumstances where a contractor is not requested to state a tender sum the RRT shall be endorsed "Tender Received" at stage six above and the remaining procedures amended accordingly.

NOTE C: In those cases where the tender did not require an overall price, but rates, both officers and both members shall initial all those pages of the tender on which the contractor has inserted rates or prices.

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THANET DISTRICT COUNCIL

Kent Authorities' Purchasing Guide for Thanet

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Kent Authorities' Purchasing Guide for Thanet

Introduction – the Contract Standing Orders (CSOs) and this Purchasing Guide

- The CSOs are the starting point for good purchasing practice. They contain the core obligations for a robust purchasing framework. As they form part of the Council's Constitution, they can only be changed by resolution of full Council, unless specific powers to make amendments have been delegated to an Officer or other body. They are made under the Council's powers under section 135 of the Local Government Act 1972.
- This Purchasing Guide provides practical guidance on how the CSOs apply to purchasing decisions and processes. It explains some of the more technical and legal issues involved in procurement and provides practical working examples.
- You must use this Purchasing Guide when purchasing on behalf of the Council. You must also follow the CSOs and the other documents referred to in CSO 4.
- Purchasing can involve complex technical provisions and legal rules. Breach of those technical provisions, the legal rules, the CSOs or this Purchasing Guide can have serious consequences for the Council and for you. If you are in doubt then you must seek assistance. If you have any queries about the CSOs, this Purchasing Guide or the other documents used in or related to the Council's purchasing, then please contact the Head of Legal and Democratic Services.
- The structure of this Purchasing Guide follows the structure of the CSOs. In this Purchasing Guide, the CSOs are set out in shaded boxes, followed by commentary and guidance on those CSOs.

This Purchasing Guide is a "living" document which will be reviewed annually. If you have comments or suggestions for improvements, please contact the Procurement Team.

PLEASE ALWAYS ENSURE YOU ARE WORKING TO THE LATEST VERSION OF THE GUIDANCE

The Purchasing Guide

1 Introduction – Purpose of the Contract Standing Orders (CSOs)

- 1.1 Purchasing decisions and processes are important because the money involved is public money. The purpose of these Contract Standing Orders is to provide a structure within which purchasing decisions are made and implemented and which ensure that the Council:
 - 1.1.1 Furthers its corporate objectives
 - 1.1.2 Uses its resources efficiently
 - 1.1.3 Purchases quality goods, services and works
 - 1.1.4 Safeguards its reputation from any implication of dishonesty or corruption.
- 1.2 Purchasing by the Council, from planning to delivery, shall incorporate (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings.
- 1.3 These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972.
- 1.4 These Contract Standing Orders do not provide guidelines on what is the best way to purchase works, supplies (goods) and services. They set out **minimum** requirements to be followed. Further information and guidelines are set out in the Council's Purchasing Guide that accompanies this document.

CSO 1.1

- 1 Good and effective purchasing must be embedded in the day to day practices of the Council. The key objectives of purchasing, outlined in CSO 1.1 and CSO 1.2 must be taken into account from the initial planning and conceptual stages of the purchasing process. The purchasing process is not limited to the stage when you seek a quote or tender.
- 2 Failure to consider these key issues can impact on both the quote or tender process, and also the long term delivery of the works, supplies or services which are being purchased.

Example: You need to think carefully about the quality and specification for the goods you wish to purchase. Failure to incorporate your requirements into the contract may result in substandard or poor quality goods being provided to the Council. The Council is unlikely to be able to do very much about this, if its own requirements have not been clearly specified in the tender and contract documents.

Conversely, if the Council has clearly specified the quality of the goods required and when delivered they are not up to standard, then the Council will be able to ensure that standards can be improved or, potentially, cancel the contract arrangements.

CSO 1.2

- 3 You must take into account the principles of sustainability, efficiency, whole life costings and cost savings, during the purchasing process.
- 4 **"Sustainability"**: The UK Government's sustainable development strategy sets out four key priority areas for action:
 - Sustainable consumption and production
 - Climate change and energy
 - Protecting natural resources
 - Creating sustainable communities and a fairer world

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

- 5 **"Efficiency"**: The Council must continuously improve all its services. This means that the Council must purchase the most appropriate best value works, supplies or services and deliver continuous improvement throughout each contract. For contracts which relate to more than just a one off purchase, the Council will need to exercise ongoing monitoring and review of the contract to ensure
- a) customer satisfaction,
 - b) continued high quality delivery,
 - c) compliance with environmental and equality standards, and
 - d) the opportunity to identify service improvements and cost savings.

This could be reflected in an efficiency and improvement clause in the contract. See further comments on standard clauses at CSO 3.

- 6 **"Whole life costing"**: requires you to ensure that the whole potential cost of the contract is taken into account.

Example: In letting an equipment supply contract, as well as the initial capital spend, you need to consider the length of the asset's useful life, the cost of ongoing maintenance, replacement of parts and servicing and consumables, so that there is true cost to the Council of the purchase being made. To buy a copier which initially costs £2,500 may be more expensive than one that initially costs £4,500, if the cheap copier uses expensive paper and toner, needs servicing every three months and is scrapped after 5 years, whilst the more expensive one uses cheaper paper and toner, needs servicing only once every 2 years and lasts for 10 years.

- 7 **"Cost savings"**: Each contract for purchase must set out the agreed price to be paid by the Council to the contractor. The Council cannot then unilaterally reduce the price but conditions relating to long term service improvement and efficiencies can be incorporated into the contract documents.

There may be ways of structuring a purchasing exercise to save costs. This might be through a joint purchasing exercise with other councils, or by re-examining the way a service is provided.

- 8 Effective contract monitoring is essential to achieve continuous improvement, especially during the implementation of long-term contracts, particularly if the contractor is under a duty to work with the Council to seek improvements in delivery and efficiency. It is usually sensible to provide for annual reviews in the contract, which can then be tied in with, for example, payments to reflect good performance and provisions allowing for inflation increases.

Example: The Council needs to demonstrate to central government each year, its compliance with the Local Government Equalities Standard. An obligation in the contract to ensure ongoing compliance with Equalities legislation is of little value if the Council fails to review and record the contractor's compliance regularly.

- 9 If the Council knows that a contractor is not complying with contract requirements, then it needs to address the matter promptly. If the Council has regularly raised and recorded issues with a contractor, made formal requests for improvements, which are not delivered, then there may be a clear basis for either an action for damages or termination.

CSO 1.3

- 10 Section 135 of the Local Government Act 1972 obliges councils to make standing orders for contracts for the supply of goods and materials and the execution of works entered into by the Council or on behalf of the Council. The Act requires that the standing orders must include provisions for securing competition for such contracts and must also regulate the way in which tenders are invited. The Act allows for exemptions from the obligation to tender out below a specified threshold and where exemptions identified in the standing orders apply.

CSO 1.4

- 11 This Purchasing Guide is the guide referred to in CSO 1.4. It provides broader guidelines on the best way to purchase works, supplies (goods) and services

2 General Principles – Application and Compliance with Contract Standing Orders

- 2.1 These Contract Standing Orders apply to the purchase by or on behalf of the Council of works, supplies (goods) and services.
- 2.2 These Contract Standing Orders apply to all contracts including all purchase orders, concessions and contractual arrangements entered into by or on behalf of the Council, except for the specific types of contracts and purchasing methods which are listed in 2.3.
- 2.3 These Contract Standing Orders do not apply to:
 - 2.3.1 Employment contracts
 - 2.3.2 Contracts relating solely to the purchase or sale of interests in land
 - 2.3.3 Contracts for retention of legal counsel and the appointment of expert witnesses in legal proceedings
 - 2.3.4 Service level agreements setting out the conditions which the Council applies to its funding of particular voluntary sector bodies
 - 2.3.5 Post Entry Training Schemes.

CSO 2.1

- 1 The CSOs apply to all purchasing activities by, undertaken by or on behalf of the Council. The words “works”, “supplies” and “services” are the words used in the EU Rules to define different types of contracts. Put simply, “works” cover construction, refurbishment and other building related works. “Supplies” are all types of goods - from paperclips to photocopiers and vehicles, and “services” cover the full range of services provided or purchased by the Council in its day to day activities. Some contracts can be hybrid arrangements covering works, supplies or services. If this is the case and you are not sure how to define a particular arrangement, please take advice from Legal Services or from the consultant you have employed to assist you with the tendering exercise.

CSO 2.2

- 2 **Words and terms used to describe types of arrangements which are often contracts:** Do not be misled by the label for any particular arrangement. The CSOs apply to all purchasing and contracts except where specific exemptions apply. A lot of purchasing is by way of formal contracts. However, contracts can exist even when the word “contract” is not used. So, for example, **"agreements"**, **"purchase orders"**, **"terms and conditions"** and equipment or vehicle **"leases"** are nearly always a type of purchasing and so are contracts which are subject to the CSOs. (Leases for land or property are not covered by these CSOs – see comment on CSO 2.3.2). Sometimes a formal agreement may be preceded by a "memorandum of understanding" or "heads of terms", but take care that such preliminary documents do not themselves amount to a binding contract.

- 3 Contracts can also be created by words or actions and so it is possible to have a contract without having anything in writing.

Example: Be careful to ensure that a contract is not implied as a result of conversations which you have with potential contractors or exchanges of correspondence (including e-mails) which may be intended to be mere exchanges of views but which could amount to a formal contract.

If, for example, you invite quotes and receive a quote in response, you may create a legal contract if you then ring the contractor and say that you are happy with that quote. A contractor could then rely on the conversation to either oblige the Council to enter into a formal written contract or to sue the Council in the event that the Council decides not to go ahead on that basis, despite those assurances.

- 4 **Concessions** are a specific type of contractual arrangement under which, rather than paying the contractor to deliver a work or service, the Council will grant the contractor the right to exploit an opportunity and receive some or all of its income from third parties. A good example is the operation of catering or leisure facilities where some or all of a contractor's income can come direct from paying members of the public.
- 5 The terms "**service level agreements**" and "**grant**" are particularly problematic and their usage is inconsistent. Do not assume that a service level agreement or grant is not a contract. The term "service level agreement" can be used to describe a specification or technical requirements type document which sets out the level of service required under a contract. It is also sometimes used to describe what is, in practice, a legally binding contract. The same issues apply to arrangements classified as grants.
- 6 **Partnering arrangements:** There have been considerable moves over the last few years toward the concept of working "in partnership" with other public, voluntary and private sector organisations. When the Council is entering into a partnering type arrangement, it may need to follow a tendering process resulting in a formal contract. **Please take advice.**
- 7 Some "partnering" arrangements – particularly those with other public bodies such as the NHS – are genuine partnering (as opposed to a legal partnership (see below)) involving, for example, the pooling of resources to deliver services. Other arrangements are labelled as partnering arrangements but are in reality, formal contractual arrangements. A common example is the "partnering" approach used for construction contracts.
- 8 A formal legal "Partnership" has a specific legal meaning. A legal partnership will be caught by statute and other rules. It is possible to create a legal partnership without intending to do so and this can have significant consequences, as partners usually share both profits and losses arising from the partnership. Great care must be taken when using this term, to ensure that a legal partnership is not implied. Legal Services will have a standard clause to deal with this.
- 9 **Summary:** Wherever an arrangement means that works, supplies and/or services will be provided to the Council, or on behalf of the Council, in return for some sort of "payment" (which could be a monetary payment but could also be something else of value to the recipient), then you need to consider whether or not this is a type of contract and purchasing process which is subject to the CSOs and other Regulatory Provisions listed in CSO4.
- 10 The best approach to adopt is to assume that the CSOs will apply to all of the Council's purchasing activities with only very limited exceptions. You must take advice from Legal Services if you are uncertain about whether or not the CSOs apply.
- 11 There are some specified types of contract to which the CSOs do not apply. These are listed in CSO 2.3. These are excluded, because it generally does not make practical or legal sense to require a full tendering process for these types of contract. However, these arrangements are subject to other specific requirements.

CSO 2.3

- 12 **CSO 2.3.1 Employment contracts:** employment opportunities are usually advertised and people are appointed to their posts as a result of a formal appointment process. Employees enter into individual employment contracts with the Council.
- 13 However, contracts involving the purchase of services from individuals – such as consultancy or advisory service contracts – are often not “employment contracts” for the purposes of this exception and are likely to be subject to the CSOs. Similarly, contracts with employment agencies for the provision of temporary staff will be caught by the CSOs.
- 14 **CSO 2.3.2 Contracts relating solely to the transfer of interests in land** (including existing buildings) are generally not caught. This includes the purchase or disposal of land by way of a freehold or lease. This will apply to most of the Council’s day to day conveyancing and land transactions.
- 15 Take care over development type agreements, which may, for example, involve a combination of a land transfer plus a developer providing a building for the Council. These can be caught by the EU Rules as they can be classified as “works” contracts because of the building element. This is a complex area of European law. You must seek advice from Legal Services.
- 16 **CSO 2.3.3 Contracts for the retention of legal counsel and the appointment of expert witnesses in legal proceedings:** The Head of Legal and Democratic Services is responsible for agreeing fees with and appointing legal counsel (barristers) to work on legal issues and for the appointment of expert witnesses.
- 17 **CSO 2.3.4 Service level agreements setting out the conditions which the Council applies to its funding of particular voluntary sector bodies:** in some limited circumstances, funding arrangements for voluntary sector bodies may not be caught by the CSOs. An example of the type of arrangement, which may fall within this exception, is low value funding to a voluntary group in order to ensure the continued provision of a critical local service.
- 18 Take care because some funding arrangements may, in reality, be more like a contract than a simple funding arrangement. The Council must ensure that it obtains appropriate value in respect of all funding and that it is not contravening State Aid, EU Rules or EC Treaty Principles. You need to look carefully at each funding arrangement and consider whether it could be delivered better as a result of a competitive process. A Service Level Agreement is unlikely to be an appropriate method for large scale and/or long term funding.

3 General Principles Applying to All Contracts

- 3.1 There should be written evidence of all purchases.
- 3.2 Standard contract clauses should be used in all contracts of a value of £10,000 or more. The standard contract clauses are issued by Legal and Democratic Services and can be found on the intranet.
- 3.3 As a minimum, all contracts of a value of £10,000 or more shall include clauses which set out:
 - 3.3.1 The works, supplies (goods), services, material, matters or things to be carried out or supplied
 - 3.3.2 The time within which the contract is to be performed
 - 3.3.3 Quality requirements and/or standards which must be met
 - 3.3.4 Requirements on the contractor to hold and maintain appropriate insurance
 - 3.3.5 What happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part)
 - 3.3.6 Requirements on the contractor to comply with all relevant equalities and health and safety legislation
 - 3.3.7 That the Council shall be entitled to cancel the contract and recover losses in the event that the contractor does anything improper to influence the Council to give the contractor any contract or commits an offence under the Prevention of Corruption Acts 1889 to 1916 or s117(2) Local Government Act 1972.
- 3.4 Written contracts shall not include non commercial terms unless these are necessary to achieve best value for the Council. In this context, "non commercial" means requirements unrelated to the actual performance of the contract.
- 3.5 All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and the information set out in the Council's Purchasing Guide.
- 3.6 All contracts of a value of £10,000 or more or which involve a substantial risk to the Council must be subject to a written risk assessment, which should be kept on the contract file held with the responsible officer.

CSO 3.1

- 1 Because the Council may need to enforce the terms of an agreement, it is important that the terms of the agreement are clearly recorded, and confirmed by the other party. Accordingly, any contract will be in writing. "In writing" does not have to be a formal or lengthy paper contract. It can be a paper contract, signed by both sides, but it can equally be in the form of ordinary correspondence, including emails or faxes rather than hard copy paper letters, in which one side sets out its requirements and the other side agrees to comply with them.
- 2 A contract in writing can also be created by using the Council's own standard terms and conditions, plus an order form, electronic purchasing where pre-terms and conditions have been pre-agreed or, for example, where a Purchasing Scheme is used so that the terms and conditions have been agreed centrally, (see commentary on CSO 15).
- 3 Please note that if the Council does not make it clear that its own terms and conditions, order forms or contracts apply, then the contractor's terms and conditions may apply to the purchase. This may not be in the Council's best interests.

Example: The Responsible Officer emails a contractor asking them to quote to provide some new software. The software contractor sends its quote back to the Council by post. On the back of the quote are the contractor's own legal terms and conditions. The Responsible Officer accepts the quote, over the telephone and confirms the order by e-mail. A contract has been created in writing. Unless both of the emails from the Responsible Officer made it clear that the Council's terms and conditions apply and the contractor has seen those terms and conditions, it is likely that the contractor's own terms and conditions will apply to that transaction.

CSO 3.2

- 4 To protect the Council's interests, this CSO requires you to use certain standard contract clauses in all contracts over the specified value. This means that risks are allocated appropriately and that the Council has a remedy in the event of breach of contract.

CSO 3.3

- 5 This CSO does not set out the actual clauses to be used, but points to the issues which you need to cover in contracts above the specified value (if a value is specified, or if no value is specified, to all contracts). You need to consider the value and complexity of the contract and any potential risks associated with that contract to decide what form of contract and level of detail is appropriate.
- 6 **CSO 3.3.1:** This requires you to describe clearly in the contract what is being purchased. The description may cross refer to a more detailed description of the works, supplies or services which could, for example, be attached to the contract by way of an appendix or schedule. If you do not clearly specify what is being purchased, then there is a lot of potential for dispute with contractors about the extent of their obligations to the Council.
- 7 **CSO 3.3.2:** Be clear about when and for how long the contract is to apply. For example, with the delivery of equipment it would be important to ensure that there is a clause stating when equipment will be delivered and installed. For longer term contracts, you need to be clear about when the obligation to deliver starts and ends.
- 8 **CSO 3.3.3:** Be clear about what level of quality and standards are required. Think about minimum standards required. This should involve discussion with those who are responsible for the purchase.
- 9 **CSO 3.3.4:** All contractors should hold some form of insurance to cover their business liabilities. There are different types of insurance which will apply to different types of purchase. Ensure that there is a clause in the contract stating what type and level of insurance is required. This will link directly to what is being purchased and also the size and nature of the contract. For a very high value contract, higher levels of insurance may be required than for smaller purchases. However, think about the impact of the failure of the contract. A small purchase could have a large impact on the Council and so insurance requirements may well be higher. If you are uncertain about insurance requirements, then please discuss this with the Finance Officer Ext 7682.
- 10 **The Responsible Officer should ask for evidence of cover before the start of the contract and during the term of the contract.**

Example: The Council may require a contractor providing a relatively low value contract for the provision of cooked meals direct to users to have higher levels of third party liability insurance than a contractor providing pencils to the Council. This is because the consequences of a faulty product being supplied are likely to be far more significant in a contract involving meals than pencils.

- 11 **CSO 3.3.5:** The contract must explain what happens if there is a failure to meet the Council's requirements under the contract. It is common to have provisions for both a partial failure and a total failure. The implications will vary according to what is being purchased and the nature of those failures. A contract may, for example, just require the contractor to remedy a

failure within a specific time period. If the contractor remedies the failure to the Council's satisfaction, then that may be the only consequence. Failure to remedy to the Council's satisfaction may result in more serious consequences, such as the right to terminate the contract partially or wholly. Think about the practical consequences of failure and the Council's interest in terms of failures and their consequences. In the context of building contracts it is quite common to retain a percentage of the total contract value pending final sign off and approval of the works so that the Council has some real leverage in the event that the work is not delivered to the required standard.

- 12 **CSO 3.3.6:** Contractors will be subject to their own statutory obligations to comply with both equalities and health & safety legislation. However, the Council may require additional compliance in order to reflect its own statutory obligations, or to pick up specific standards and compliance linked to the subject matter of the contract.
- 13 **CSO 3.3.7:** This is a standard provision entitling the Council to cancel a contract and to recover losses in the event that the contractor is guilty of an offence, such as bribery or corruption or tries to improperly influence a decision.

CSO 3.4

- 14 Ensure that the terms used in the contract are relevant to that contract. Do not include provisions in contracts, which do not relate to the subject matter of the contract. Check the proposed terms and ensure that they are relevant. For example, detailed clauses for circumstances where equipment goes wrong may not be relevant to a contract for training services.

CSO 3.5

- 15 Good quality specifications and/or technical requirements are critical for letting and monitoring a successful contract. A contract which only includes legal terms but does not, clearly describe, what standards are required is of little practical value. Identify these requirements at the start of the purchasing process, so that the standards are clearly described when quotations or tenders are invited for inclusion in the contract and ongoing contract monitoring arrangements.
- 16 Specifications and/or technical requirements need to be "proportionate". This means that for a very simple purchase, the specification could be very simple. For more complex purchases, the specification may go into quite a lot of detail. For purchases which are technically demanding, you must address detailed technical and standards compliance. These documents need to be prepared jointly with officers having specialist knowledge of the purchase who need to be involved as early as possible in the purchasing process.

CSO 3.6

- 17 Even low value contracts may have a significant impact if they go wrong, so it is important to adopt a risk analysis type approach. This is set out in the risk matrix included as "Attachment 1" at the end of this Purchasing Guide.

Example 1: A low value contract for photography services may look initially like a simple arrangement which does not require detailed contract provisions. However, in some circumstances, such a contract may need to include provisions covering the confidentiality of individuals, protection of children and copyright issues and so a fuller form of contract may be appropriate.

Example 2. A contract to set up one stage of a nationally important racing competition event in a town or city may ostensibly be of low financial value, but the difficulties arising from partnership working, reputation risks and even adverse weather, could result in major losses for the Council. The need for careful risk management in the drafting of the contract is correspondingly important.

4 Regulatory Context

- 4.1 All purchasing shall be conducted in accordance with Regulatory Provisions which are:
- 4.1.1 All relevant statutory provisions
 - 4.1.2 The relevant EU Rules and EC Treaty Principles, which are defined in the Council's Purchasing Guide
 - 4.1.3 The Council's Constitution including these Contract Standing Orders, the Council's Financial Procedure Rules and Scheme of Delegation
 - 4.1.4 The Council's Purchasing Guide and other policies and procedures of the Council as appropriate.
- 4.2 In the event of conflict between the above, **the EU Rules will take precedence**, followed by UK legislation, then the Council's Constitution, the Council's Purchasing Guide and guidelines, policies and procedures.

CSO 4.1

- 1 This CSO requires purchasing to be conducted in accordance with "Regulatory Provisions". Regulatory provisions are defined in 4.1.1 to 4.1.4 and cover EU and UK law, as well as the Council's own constitution and this Purchasing Guide. This means that when undertaking purchasing, you need to take into account a wide range of both legally binding provisions and also internal rules and guidance.
- 2 **CSO 4.1.1:** The statutory provisions applying to purchasing will vary according to the purchase being made. Key provisions include Section 17 of the Local Government Act 1988 which prohibits the application of non commercial considerations to the tender process and in particular the selection of contractors, except insofar as is necessary to secure the achievement of best value. In that context, non commercial considerations include, for example, the contractor's terms and conditions of employment, business activities and interests of contractors in the Government's defence or foreign policy and the conduct of contractors in industrial disputes. Please ask for advice on non commercial considerations for any tendered contract.
- 3 **CSO 4.1.2:** The term "EU Rules" in the context of these CSOs means the Public Contracts Regulations 2006 (Statutory Instrument 2006/5) (also referred to as the "Regulations") which implement European Directives 2004/18/EC and 89/665/EEC. The EU Rules will affect you if you are making purchases which exceed the EU Threshold Values set out in CSO 7.4. You **MUST** seek assistance in these cases.

In certain, limited, circumstances the Council may be classified as acting in the capacity of a "utility". This could occur where the Council is delivering or running certain types of water, energy, transport or telecoms services. Practical examples may include the running of an airport or operation of a tramway or the production of drinking water or, in certain circumstances, undertaking land drainage works. In this case the Utilities Contracts Regulations 2006 (Statutory Instrument 2006/6) which implements European Directives 2004/17/EC and 92/13/EC apply. These CSOs do not cover the rules applying to activities caught by the Utilities Regulations. If you are uncertain about the application of these provisions you must take advice from Legal Services.

- 4 The reference to "EC Treaty Principles" mean those principles derived from the EC Treaty 1957 which apply to all purchasing by the Council. These EC Treaty Principles require the Council to ensure that it acts in a way that is open and transparent, ensures equal treatment of all contractors, and permits appropriate competition.

Example: When you invite quotes or tenders, do not act in a way that favours local contractors over contractors from elsewhere in the European Union. All contractors must have the same opportunities and receive the same treatment.

- 5 The EU Rules do not apply to all contracts, but they do apply to most contracts above the specified EU Threshold financial values which are set out in CSO 7.5. For purchases caught by the EU Rules or where you are uncertain whether or not the EU Rules apply you must take advice from Legal Services.
- 6 **CSO 4.1.3:** You need to understand how the Council's Constitution, Financial Procedure Rules and Scheme of Delegation, as they apply to purchasing, interact with these CSOs.

CSO 4.2

- 7 If there is a conflict between the different sets of Regulatory Provisions, then there is a "hierarchy" application. EU Rules will always take precedence. Where UK legislation seems to conflict with EU Rules their interpretation will apply rather than the UK legislation. If you are uncertain about these issues then you must contact Legal Services.

5 Responsibilities of Directors, Service Managers and Responsible Officers

- 5.1 Each Director shall have overall responsibility for the purchasing undertaken by his/her Directorate.
- 5.2 Each Service Manager shall be responsible for the purchasing undertaken by his/her Service and shall
 - 5.2.1 be accountable to the Director for the performance of his/her duties in relation to purchasing
 - 5.2.2 comply with the Council's decision-making processes including, where appropriate, implementing and operating a Scheme of Delegation
 - 5.2.3 appoint a Responsible Officer in writing who shall be an authorised signatory
 - 5.2.4 take immediate action in the event of breach of these Contract Standing Orders.
- 5.3 A Responsible Officer is an officer with responsibility for conducting purchasing processes for the purchase of works, supplies (goods) or services on behalf of the Council.
- 5.4 A Responsible Officer's duties in respect of purchasing are to ensure:
 - 5.4.1 compliance with all Regulatory Provisions and integrity of the tender process
 - 5.4.2 compliance with the relevant statutory provisions and the Council's requirements relating to declarations of interest affecting any purchasing process
 - 5.4.3 that there is an appropriate analysis of the requirement, timescales, procedure and documentation to be used
 - 5.4.4 the purchasing process, from planning to delivery incorporates (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings
 - 5.4.5 compliance with the Council's decision-making processes
 - 5.4.6 that all contracts of a value of £75,000 or more are included on the Council's Contract Register
 - 5.4.7 that proper records of all contract award procedures, waivers, exemptions and extensions are maintained, with separate files for each purchase of a value of £75,000 or more
 - 5.4.8 that value for money is achieved
 - 5.4.9 that adequate and appropriate security (such as a bond or guarantee) is taken to protect the Council in the event of non-performance.
- 5.5 In considering how best to procure works, supplies and services Directors, Service Managers and/or Responsible Officers (as appropriate in the context) shall take into account wider contractual delivery opportunities and purchasing methods including the use of Purchasing Schemes and e-procurement/purchasing methods, and the availability of local authority charging and trading powers under the Local Government Act 2003.
- 5.6 It is a disciplinary offence to fail to comply with these Contract Standing Orders and the Council's Purchasing Guide. All employees have a duty to report breaches of Contract Standing Orders to the Section 151 Officer or the Head of Legal and Democratic Services.
- 5.7 Any officer or Member who suspects any misconduct or corruption in relation to the purchase by or on behalf of the Council of works, supplies (goods) and services must refer to the Council's Whistleblowing Code which can be found on the Intranet and follow the guidance contained within.

CSO 5.1 and 5.2

- 1 The Director has overall responsibility for the purchasing processes undertaken by, or on behalf of his or her Directorate. Each Service Manager is responsible for ensuring compliance as set out in CSO 5.2.
- 2 **CSO 5.2.2:** Scheme of Delegation (please refer to the Council's Constitution on the Intranet)
- 3 **CSO 5.2.4:** Upon becoming aware of a breach of regulatory provisions (including the contract standing orders) a Service Manager must take immediate action. A failure to take immediate action may result in a purchasing process continuing in breach of the Regulatory Provisions, explained in CSO 4. This could have unwelcome practical, financial and legal consequences for the Council.

If an officer or Member becomes aware of a breach, or a suspected breach, of the Council's contract standing orders then he or she must report the matter immediately to the Director of Finance and Corporate Services or the Head of Legal and Democratic Services to ensure that appropriate steps are taken to address the breach or potential breach.

CSO 5.3

- 4 The Responsible Officer is appointed by the Director. The Responsible Officer's duties are set out in **CSO 5.4**.

CSO 5.4

- 5 **CSO 5.4.1:** The Regulatory Provisions are explained at CSO 4. In addition to the specific Regulatory Provisions, Directors must ensure that the tender process is conducted in a way which complies with all the requirements of the Contract Standing Orders and in a manner which is open and transparent and ensures equality of treatment and opportunity to all participants.
- 6 **CSO 5.4.2:** Due attention must be made to the requirements in respect of declarations of interests, affecting both Members and officers in respect of purchasing. In the case of Members, the requirements of the Code of Conduct would include:

- Registering any contracts which they or companies with which they are associated have with the Council for goods, services or works;

Declaring any personal interest which they may have in any contract which is under consideration, and to withdraw from consideration of any contract in which they have a prejudicial interest;

- Not using their position as a Member improperly to seek to confer an advantage or disadvantage on any person or to compromise or seek to compromise the impartiality of any officer;
- Only authorising the use of Council resources, to act in accordance with the Council's requirements;
- Preventing Members from corruptly soliciting or accepting any gift or advantage for doing or forbearing to do anything as a Member.

In the case of officers, such requirements would include:

- To disclose to the Council any interest which they may have in any contract which the Council has entered or proposes to enter into under Section 117 of the Local Government Act 1972;
- To act in the best interests of the Council and not to participate in any matter in which they have a private interest in accordance with their contracts of employment;
- Preventing officers from corruptly soliciting or accepting any gift or advantage for doing or forbearing to do anything as an officer of the Council.

- 7 **CSO 5.4.3:** The purchasing process must be planned properly so that timescales are reasonable, all those involved know and understand what procedure and documents are to be used and the levels of resource and timescales are understood. A failure to analyse and provide for these requirements can result in poor procurement practice and a failure to deliver purchasing to meet the Council's requirements.

Example: Purchases may require approval at a Directorate, Executive or full Council level. This approval may require the provision of documentation in advance of that consideration and so this needs to be factored into the overall procurement timescale and project planning.

- 8 **CSO 5.4.4:** See comment on CSO 1.2.
- 9 **CSO 5.4.5:** The Council's decision making processes must be factored into the overall planning.
- 10 **CSO 5.4.6:** The Council's contracts register should include all details of the contracts let to ensure that the name of the contractor, the delivery period, the price and a brief description of the supply service or works, including, in all cases, the CPV code (European Common Procurement Vocabulary) for the contract.

The contracts register ensures that the Council has clear records of contracts awarded and that no particular contractor has been unfairly treated or favoured. Some councils are now using on line tendering systems, which include contract register systems and information which is then made publicly available. This helps to demonstrate transparency in purchasing processes.

- 11 **CSO 5.4.7:** Proper records of contracts and award procedures must be maintained. This does not necessarily require a very detailed explanation, but it does require records to be maintained in writing and to be easily retrievable should they need to be consulted. The Council's records/data retention schedule sets out how long each record should be kept.
- 12 **CSO 5.4.8:** Value for money is a balance of quality, price and delivery and does not mean that the contract will necessarily be awarded on the basis of the lowest cost to the Council. Directors and Responsible Officers should note the requirement for "active" contract monitoring. It is only by active and ongoing participation in contract monitoring that the Council can ensure that contracts continue to represent good value and meet the Council's requirements. This can help drive through efficiency savings and improvements, and ensure that poor contract performance can be addressed promptly.
- 13 **CSO 5.4.9:** Contract provisions should include arrangements for mechanisms to be employed in the event of poor performance (see commentary at CSO 3.3).
- 14 In addition to contract provisions, it may also be appropriate (depending upon the nature of the purchase), to include requirements such as provision of a parent company guarantee or some form of bond. The appropriate levels of "security" documents will depend upon the purchase being made and also the financial standing of the contractor. Advice should be sought from the Council's Risk Management Officer when considering additional forms of security, such as bonds or guarantees.

Example: if the Council is concerned about the ability of a contractor to honour its obligations in the event of poor performance and that contractor is a company falling within a larger company structure, then it may be appropriate to seek a form of parent company guarantee from the parent company. Similarly, in large services or works contracts, it is quite common to have some form of bond which provides a direct payment to the Council, in the event of failure to deliver to the contract standard.

CSO 5.5

- 15 Directors, Service Managers and Responsible Officers (as appropriate) need to think carefully about the best way in which purchases are made. For example, in some circumstances it may make sense to use one of the Purchasing Schemes, identified in CSO 15. It may also prove better value for money to use e-Procurement or other e-purchasing methods.
- 16 Carry out sufficient analysis and understanding of the market to enable the Council to best select the potential contractors. For certain types of contract, for example high value and/or long term, it may be appropriate to undertake market research and pre-purchasing enquiries to establish who may be best placed to deliver the requirements and which route will best meet the Council's needs. Market sounding or pre purchasing enquiries must not result in the Council favouring a particular supplier in breach of the EU Rules or EC Treaty Principles.

CSO 5.6

- 17 It may be a disciplinary offence for any officer to fail to comply with the CSOs and the Council's Purchasing Guide. All employees have a personal obligation under the CSOs to report breaches of Contract Standing Orders. Failure to report a breach may also amount to a disciplinary offence. Equally, any failure by a Member to comply with the CSOs and the Council's Purchasing Guide may amount to a breach of the Code of Conduct for Members.

CSO 5.7

18. Failure by an officer or a Member to report any suspected breach of the CSOs, or any suspected corruption can itself amount to a disciplinary offence for an officer, or a failure to comply with the Code of Conduct for Members.

6 Scheme of Delegation

- 6.1 Council purchasing may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Council's Scheme of Delegation. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge for the task and such delegation shall be recorded in writing by the officer delegating the task and notified to the relevant Service Manager.
- 6.2 Each Service Manager shall inform officers, where appropriate, of the extent of any delegated authority and applicable financial thresholds.

CSO 6.1

- 1 Officers who make purchases may only carry out tasks that are properly delegated to them. If you act in good faith and within the powers delegated to you, any consequential liability accrues to the Council as your employer and not to you as an individual. But if you act outside the powers that have been delegated to you, you act as an individual, not as agent for the Council, and the Council is not necessarily bound by your actions. You can then incur personal liability to the Council and to the contractor for any loss which they may suffer.
- 2 The Council's Scheme of Delegation is in the Constitution on the intranet.

7 Financial Thresholds and Procedures

- 7.1 The table below sets out the general rules applying to the choice of purchasing procedure for contracts at the stated threshold values.
- 7.2 There is a general presumption in favour of competition. Wherever possible, contract opportunities should be advertised by way of a public notice and/or the Council's and South East Centre of Excellence Business Portal. The Council must consider the potential effect of a contract on interstate trade (at a European level). If a contract may be of interest to contractors from other member states then this may result in a need to advertise in a manner which ensures that potential contractors from other member states are aware of the opportunity, even for small value contracts or contracts under the EU Threshold levels outlined below.
- 7.3 The public notice referred to at 7.2 may take the form of a notice or advertisement in an electronic or paper format, on an easily accessible website or other electronic media and/or in the press, trade journals or Official Journal of the European Union ("OJ") (as appropriate). The Responsible Officer may choose to place one or more public notices in different media.

7.4 Table setting out financial thresholds and procedures

Total value £	Type of contract	Procedure to be used
1,000 to 9,999	Works, supplies and services	At least one quote in advance
10,000 to 74,999	Works, supplies and services	At least three written quotes in advance
75,000 to 139,893**	Works, supplies and services	At least three written tenders in advance, following advertisement by public notice
139,893** plus **EU Threshold for supplies and services	Supplies and services	EU Rules apply – full competitive process following advertisement in the OJ for supplies and Part A* services. For Part B* services reduced requirements apply under the EU Rules but there is a presumption in favour of advertising and a competitive process
139,893 to 3,497,313**	Works	Full competitive process with tenders following advertisement by public notice
3,497,313** **EU Threshold for works	Works	EU Rules apply – full competitive process with tenders following OJ advertisement

* For the purposes of the EU Rules services are divided into two types and the EU Rules apply to a different degree. Responsible Officers should act cautiously and seek advice when considering the procedure to be used and application of the EU Rules to services contracts.

** or relevant threshold in force at the time under the EU Rules.

- 7.5 Where contracts are of a type and value which means that they are subject to the EU Rules then there are four main types of EU procedures available. These are the open, restricted, competitive dialogue and competitive negotiated procedures. Care must be taken to ensure that the correct and most appropriate procedure is used and assistance on the choice and use of EU procedure should be sought from Legal & Democratic Services and process progressed via the Procurement Unit.

CSO 7.1

- 1 The table at CSO 7.4 sets out a number of thresholds and the purchasing procedures to be used at each of the threshold levels specified. The Council needs to ensure there is appropriate competition for its purchasing, both to comply with statutory requirements, but also in order to demonstrate that it is achieving best value. The table identifies different thresholds because it is also important to ensure that the process undertaken is proportionate to the purchase. Thus, for example, it may be inappropriate to run a more complex tender process of the type provided for by the EU Rules for a small scale, low value purchase.
- 2 As is noted in CSO 7.2, there is a general presumption in favour of competition and so wherever possible, contract opportunities should be advertised by way of some form of public notice. It should be noted that EC Treaty Principles mean that even if a contract is relatively small, if it is of potential interest to contractors from other member states (and this is possible in most situations), then the Council must consider advertising in a manner which ensures that potential contractors from other member states are aware of the opportunity and have a chance to apply to deliver these services. This requirement may be satisfied, for example, by advertising on a website, (either the Council's own website or, for example, the south east business portal) which ensures that contractors from other member states have a chance to search for and so be aware of contract opportunities offered by the Council.
- 3 The EU Threshold levels set out in 7.4 are fixed for 2 year periods. The current levels of £139,893 for supplies and services contracts and £3,497,313 for works contracts will apply until 31 December 2009. The EU Thresholds will then be recalculated by reference to exchange rates at that date and new EU Threshold levels will apply with effect from 1 January 2010 for the following 2 years (and so on).

CSO 7.2

- 4 Whilst there is a general presumption in favour of competition, there will be some circumstances where a competition will not be undertaken for a new contract. These are outlined in CSO 13. All of those involved in the purchasing process must bear in mind that these are genuinely exceptional circumstances and so where a competitive process is not used, then this needs to be clearly evidenced and appropriate approvals obtained in advance.

CSO 7.3

- 5 Public notices for quotes or tenders can take a number of different formats, but the general principle is that they should be easily accessible and easily understood. Whilst paper format, for example an advert in the press or trade journals, may be appropriate, increasingly it is important to ensure that opportunities are made available electronically on an easily accessible website, or other electronic media.
- 6 If an advertisement is to be placed in the Official Journal of the European Union (OJ), then that requires a standard format to be adopted and submitted electronically. If an OJ advertisement is being used, then an advertisement may not be placed for the same contract in any other media until the advertisement has been dispatched to the OJ.

CSO 7.4

- 7 As explained above, the procedures to be used tie in with the estimated value of the contract. For contracts under £10,000 it is normally appropriate to award a contract following receipt of just a written quote. For purchasing at this level, it is quite likely that one of the Purchasing Schemes referred to in CSO 15 may be more appropriate and deliver better overall value to the Council. The Council's basic requirements and principles as outlined in CSO 1 must be complied with, so that even when only a single quote is sought, resources are used efficiently and principles of sustainability, efficiency, whole life costings and costs savings are incorporated, where appropriate, into the process.

- 8 For contracts up to £75,000, it is acceptable to undertake a process involving obtaining quotes, rather than formal written tenders, but serious consideration should be given to the requirement for a public advertisement (see commentary on CSO 7.1).
- 9 For a contract in excess of £75,000, you are required to ensure that written tenders are provided in advance, following an advertisement by way of public notice. Written tenders will usually be submitted by contractors in response to an invitation to tender, issued by the Council. Written invitations to tender will generally include relevant specifications and briefs of the technical requirements, the contract terms to be used and instructions on the conduct of the procurement process itself, including timescales for responses.
- 10 For contracts of a type and value caught by the EU Rules, much more detailed provisions apply. The EU Threshold for supplies and services contracts and for works contracts differ significantly. The supplies and services threshold is much lower than the threshold for works contracts.
- 11 Under the EU Rules there are two types of service contracts. Part A contracts are listed in Schedule 3, Part A of the Regulations. For these type of contracts, *all* of the EU Rules will apply if the contract value is over the threshold. This includes the obligation to advertise in the OJ, follow the detailed EU Rules relating to selection and evaluation processes including the requirement to publish the award criteria and weightings in advance, as well as the requirement to comply with statutory timescales.
- 12 Part B services are listed in Schedule 3, Part B of the Regulations. For these types of contracts, there is no obligation to advertise in the OJ or to follow most of the detailed EU Rules, but there is a presumption in favour of advertising and a competitive process. There are also obligations under the EU Rules to ensure that specifications and technical requirements are defined in a non discriminatory way and to publish an advertisement in the OJ, once the contract has been awarded. Please seek advice from Legal Services when dealing with any contract which may, or does, fall within the EU Rules including service contracts for Part B services.
- 13 Contracts often involve a mix of works, supplies and services i.e. hybrid contracts. Where the contract is a mixed contract and is of a value which means that it may fall within the EU Rules, then great care needs to be taken in calculating the potential value of the contract to establish whether or not the EU Rules apply. (See notes on calculating the contract value at CSO 9). If you are in any doubt as to whether or not the EU Rules apply, then seek advice from Legal Services

CSO 7.5

- 14 There are four main types of competitive procedures available for contracts which are caught by the EU Rules. These all involve advertising in the OJ. The open and restricted procedures are the procedures which the Council will generally use for all purchasing which is caught by the EU Rules.
- 15 **Open Procedure:** This involves accepting applications and tenders from all interested parties. Full contract and specification documents are issued to all applicants and there is no opportunity to negotiate.
- 16 **Restricted Procedure:** This procedure allows the Council to restrict the number of applicants (tenderers) to whom it issues an invitation to tender. The Council is permitted to shortlist applicants responding to the OJ advertisement using specified short-listing criteria. The Council can then issue an invitation to tender to the shortlisted tenderers. The invitation to tender will include the full contract specification and technical requirements, as well as the contract terms. The Council is not permitted to negotiate with the tenderers.
- 17 **Competitive Dialogue and Competitive Negotiated Procedures:** In exceptional circumstances, the Council may use the competitive dialogue, or competitive negotiated procedures. These procedures are only appropriate in the context of complex projects*. In practice, the competitive negotiated procedure will rarely be available for the Council to use.

A decision to use a competitive dialogue or competitive negotiated procedure can only be taken after consultation with Legal Services and following approval from the relevant Director.

*The Regulations do not state whether the competitive dialogue procedure or the competitive negotiated procedure should be used of preference. However, the competitive dialogue procedure has been introduced to provide a clearly structured process for use in the context of complex projects. One of the main reasons for its introduction was to address major concerns at a European level relating to the over use of the competitive negotiated procedure – which was only intended for use in genuinely exceptional circumstances. There was a particular reservation about the extent to which authorities were negotiating with a single bidder towards the end of the procurement process. This was regarded as potentially anti competitive. These concerns led to the introduction of the competitive dialogue, which provides for structured negotiations with bidders but little room for further discussion once final tenders are submitted.

Both the European Commission and the UK's Office of Government Commerce have made it clear in their notes/guidance on use of the competitive dialogue that it should be used in preference to the competitive negotiated procedure. The OGC has indicated that the competitive negotiated procedure may only be used in truly exceptional circumstances and has provided the development of the London Underground as an example. Competitive dialogue is now being used as the standard procedure in most PFI, PPP and complex outsourcing projects.

The circumstances where a contracting authority can use the competitive negotiated procedure without prior publication of a contract notice was clarified in January 2008. The Regulations now allow use of this procedure, where a competitive dialogue has been discontinued, because none of the bids received is compliant or satisfactory following evaluation.

18 **PIN:** The Council has the option to file a PIN (Prior Information Notice) and if it does so then in certain circumstances it may reduce some of the statutory timescales under the Rules. In respect of supplies and services contracts, a PIN should be published as soon as possible after the commencement of each financial year. The PIN should contain details of supply and services contracts for which the Council expects to seek tenders during the forthcoming 12 months.

For works contracts, a PIN should be issued as soon as possible after the decision approving the planning of a work or works which exceeds the relevant threshold.

If the Council does decide to publish a PIN then the standard PIN form should be used. Standard forms are accessible through the European Commission's website: <http://simap.eu.int/> or <http://www.bipsolutions.com/html/ecdirectives.htm>

8 Financial Thresholds and Processes Applying to Approval and Execution of Contracts

- 8.1 For contracts over the relevant EU Threshold (in force at the time), the choice of purchasing procedure to be used and the decision to proceed to advertisement must be authorised in writing by the relevant Service Manager in consultation with the Head of Legal and Democratic Services in advance.
- 8.2 When a decision is made to award a contract then the Responsible Officer must, in addition to complying with his/her general obligations under these Contract Standing Orders ensure, in particular, that:
 - 8.2.1 the appropriate approvals have been obtained to authorise that decision; and
 - 8.2.2 where appropriate, a standstill period complying with the EU Rules is incorporated into the final award process.
- 8.3 Any contracts valued at £75,000 or above shall be executed as a deed under the Council's common seal. Officers with appropriate delegated authority may sign all other contracts. £10,000 shall be the threshold for the purposes of Regulation 8 of the Local Authority (Executive Arrangements) (Modification of Enactments and Further Provisions) (England) Order 2001.
- 8.4 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of the security arrangements has been approved by the Director of Customer Services and Business Transformation and the Head of Legal and Democratic Services.

CSO 8.2.2

- 1 Where contracts are subject to the specific requirement under the EU Rules to advertise in the OJ, then Regulation 32 requires the Council to include a standstill period once it has decided on a successful contractor. The Council is required to write to all of the candidates and tenderers in the process notifying them of its decision and including specified information. The Council may enter into the contract with the successful contractor, only after a period of 10 days has passed and only then, if there has been no formal challenge of the Council's award decision. The provisions of Regulation 32 are quite complex. Correspondence with the candidates and tenderers and timescales must comply with the Regulations. You **MUST** take advice from Legal Services on this point.

CSO 8.3

- 2 Where a local authority contract is at or above the threshold value of £10,000 but below £75,000, the contract must be signed by the Head of Legal and Democratic Services, the Monitoring Officer or other person authorised by him/her, unless any enactment otherwise authorises or requires, or the Council has given requisite authority to some other person.
3. These CSOs require that all contracts at or over the specified threshold value of £75,000 will be under seal. The affixing of the Common Seal will be attested by a Member of the Council and the Monitoring Officer or Head of Legal and Democratic Services or some other person authorised by him/her..

CSO 8.4

- 4 Helpful guidance on the Electronic Signature Regulations is available at www.dti.gov.uk

9 Calculating the Contract Value

- 9.1 The starting point for calculating the contract value for the purposes of these Contract Standing Orders is that the contract value shall be the genuine pre-estimate of the value of the entire contract excluding Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (**including proposed extensions and options**).
- 9.2 There shall be no artificial splitting of a contract to avoid the application of the provisions of the EU Rules and/or these Contract Standing Orders.
- 9.3 The EU Rules can cover contracts which are below the stated EU threshold where they constitute repeat purchases and/or purchases of a similar type in a specified period. Responsible Officers should therefore seek advice on the application of the EU Rules where they envisage that they may require to make such purchases.

CSO 9.1

- 1 The estimated contract value is the entire contract value. In practice, this means you need to take into account all of the actual, or potential, payments to be made under the contract, during the whole life of the contract.

Examples:

For the purchase of equipment you should take into account the actual and likely costs of:

- The initial purchase (including cost of purchase if it is funded by way of a lease);
- Installation;
- Servicing for the entire contract period;
- Training and other support for the entire contract period; and
- Consumables for the entire contract period.

For the carrying out of cleaning services you should take into account the actual and likely costs of

- The annual cost of providing the service multiplied by the number of years of the contract **INCLUDING** possible extensions allowed for in the contract;
- Possible inflation uplifts during the contract period.

- 2 You must take into account the entire contract period. If the contract is for an initial period of, for example, 3 years but there is an option to extend for a further 2 years, then the value of the contract should be the total potential 5 year period and not just the initial 3 year period. Similarly, if the contract relates to an initial purchase but there are options to make additional purchases in the future, then the total potential value, including the value of potential additional purchases, must be taken into account, in calculating the value of the contract.
- 3 You should also take into account, using your best genuine estimates, the impact of any inflation value or uplift on the contract. Thus, for example, if the contract allows for a 3% increase each year and the contract is for up to a 5-year period, then you need to allow for the total value of the contract, including the likely inflation provisions.
- 4 Where there is uncertainty surrounding the potential total contract value, for example, the inflation provisions have not been finally agreed or there are a number of options, then you need to use your best estimate and act cautiously and assume that the higher potential value will apply.

CSO 9.2

- 5 It is very important to ensure there is no artificial splitting of a contract to avoid either the application of the EU Rules, or the CSOs. Whilst there may be genuine reasons why the Council's requirements may be split into various contracts, under the EU Rules there are specific provisions which prevent this being done with the intention of avoiding those EU Rules. In this context, it is also important to understand that if the Council requires repeat purchases of same or similar items, services or works, then you may have to take into account all of those potential requirements for all Council departments in order to establish whether or not the EU Procurement Rules apply

Example: The Council knows that it is going to purchase a number of PCs in the next 12 months. It is clear what its requirement is immediately, but it has also budgeted for ongoing purchases over the next 12 months, which take the potential value of the contract over the EU threshold for supplies. In these circumstances, the Council will need to ensure that the purchase is advertised in the OJ and follow the EU Rules.

- 6 The detailed EU Rules on calculating the value of the contract are in place to ensure that the EU Rules are not avoided, due to the inappropriate splitting of contracts. If it is possible that the Council as a whole may have repeated requirements for the same or similar items, services or works, then you must discuss this with Legal Services.
- 7 Where there is a requirement for repeated purchases, it may well be that a Purchasing Scheme is a better approach for the Council to adopt. Purchasing Schemes such as a centrally organised framework arrangement run by a central purchasing body should ensure that the EU Rules have already been satisfied, so there is no ongoing obligation to advertise in the OJ or elsewhere each time a requirement arises. This may well represent better overall value to the Council.

10 Principles Underlying Tendering Processes and Tender Evaluation

- 10.1 All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner so as to ensure:
 - 10.1.1 Sufficient time is given to plan and run the process
 - 10.1.2 Equal opportunity and equal treatment
 - 10.1.3 Openness and transparency
 - 10.1.4 Probity
 - 10.1.5 Outcomes that deliver sustainability, efficiency and cost savings (where appropriate).

CSO 10

- 1 **CSO 10.1.1** - Pre-planning is critical for all purchasing. All purchasing procedures (both through quotes and more formal tendering) must be undertaken in a manner which ensures integrity of the process and within appropriate timescales.
- 2 For purchasing processes subject to the EU Rules, there are statutory timescales which must be followed. These are minimum timescales and should be used as a starting point for planning an appropriate timetable.
- 3 In considering how much time is required, you should allow for preparation time, the amount of time and resources required to draft the relevant technical and legal documents. You also need to take account of internal procedural requirements such as approvals and despatch processes as well as appropriate timescales to allow contractors to fully prepare their responses. Different timescales will apply according to the nature and complexity of the purchase being made.
- 4 **CSO 10.1.2:** The EC Treaty Principles apply to **all** purchasing by the Council. This means that all contracts must be let fairly. Councils must not do anything that might prejudice fair and open competition for a contract. The principles require the Council to ensure that there is equal opportunity and equal treatment of all potential contractors through any purchasing exercise. The Council must not unduly favour contractors or applicants from a particular country including favouring applicants from the UK.
- 5 **CSO 10.1.3:** The EC Treaty Principles also require all purchasing processes to be run in an open and transparent manner. This means that the documents being used in the purchasing process should make it clear to all parties participating in the process, what is happening, when and why. All potential contractors should be given an equal opportunity to clarify the Council's requirements and processes.
- 6 **CSO 10.1.4:** Probity means that each purchasing exercise transparently secures the best value for the Council in the public interest, untainted by conflicts of interest, collusion or private advantage.
- 7 **CSO 10.1.5:** See comment above at CSO 1.

11 Submission and Opening of Tenders

- 11.1 An Invitation to Tender shall be issued by the Council for all contracts over £75,000 and tenders shall be submitted in accordance with the requirements of the Invitation to Tender.
- 11.2 Any tenders received (other than those received electronically, to which 11.3 shall apply) shall be:
- 11.2.1 addressed to the Democratic Services Manager
 - 11.2.2 in a sealed envelope marked "Tender" followed by the subject matter to which it relates
 - 11.2.3 kept in a locked cabinet by Democratic Services
 - 11.2.4 retained unopened until the date and time specified for its opening.
- 11.3 Where the Council has indicated in the Invitation to Tender that a tender can or must be submitted electronically, then those tenders shall be:
- 11.3.1 addressed to the e-mail address as notified in the Invitation to Tender
 - 11.3.2 in the format specified in the Invitation to Tender
 - 11.3.3 stored in a secure mailbox, which requires a code or other appropriate security measure, to open it
 - 11.3.4 retained unopened until the date and time specified for its opening.
- 11.4 No tender received after the time and date specified for its opening shall be accepted or considered by the Council unless the relevant Service Manager is satisfied that there is sufficient evidence of the tender having been dispatched in time for it to have arrived before the closing date and time, or other exceptional circumstances apply, and the other tenders have not been opened.
- 11.5 Where Tenders are expected to have a value in excess of £75,000 they shall be opened in the presence of the appropriate Portfolio Holder or another Cabinet Member, a Procurement Officer, one responsible officer nominated by the relevant Service Manager and a Democratic Services Officer to undertake the completion of the Record of Receipt of Tender Document of tenders received including names and addresses and the date and time of opening.
- 11.6 The tender opening process is set out in detail at Appendix 1 to these contract standing orders.

CSO 11

- 1 Tender processes must be undertaken in an open and transparent way and explained to tenderers so that they understand what you are doing, why and when.
- 2 **CSO.11.1** - All contracts over £75,000 must involve a formal advertisement and invitation to tender process. All contracts above the EU Rules thresholds must also comply with the detailed EU Rules applying to the conduct of the tender process. These may differ according to the type of process used.
- 3 The invitation to tender should, as a minimum, include:
 - Instructions to tenderers which set out when and how tenders must be submitted, in what format and where queries should be addressed to at the Council.
 - The specification/technical details of the subject matter of the contract.
 - The contract terms and conditions which will apply.
 - The tender evaluation criteria.

- The process for awarding the contract.
- 4 Invitations to tender should be written in plain language and avoid the overuse of unnecessary technical terms.
- 5 **CSO 11.2:** All tenderers must be treated in the same way; hence the requirements that the tenders are all presented in a similar manner when submitted to the Council by the tender return date. Tenders are to remain unopened until the date and time specified for opening so that, for example, there is no potential for an early tender to influence the process.
- 6 **CSO 11.3:** The same reasoning as for CSO 11.2 underlines the provisions relating to electronic submission of tenders.
- 7 **CSO 11.4:** Late tenders should normally be rejected unless (1) late delivery is a result of actions outside the control of the tenderer or (2) other exceptional circumstances exist which the Council, in exercising reasonable discretion, deems sufficient to allow acceptance. Where a decision is made to accept a late tender, then it is sensible to document the time of receipt of that tender and the reasons why the tender has been accepted.

Practical examples of the sort of circumstances where late tenders may on occasion be accepted include:

- Where the Council's offices were unexpectedly closed at the date specified for receipt of tenders so that tenders could not be delivered on time.
- Particularly severe weather which may have delayed the arrival of a tender sent by courier but where there is clear evidence of dispatch with sufficient time allowed for delivery to comply with the tender return time and date.
- Where a tender has not been received at all but there is genuine and persuasive evidence that the tender was prepared and dispatched on time.

- 8 **CSO 11.5:** There needs to be a clear audit trail of all tenders received, from whom and when they are opened, to ensure that there is no preferential or unfair treatment. The tender opening process is set out in detail at Appendix 1 to these contract standing orders.
- 9 What happens if tender processes do not go as planned or if there is technical non compliance? The Council's standard "Invitation to Tender" document should include provisions stating that tenders can be rejected if they are not compliant with the requirements of the Council, including compliance with submission dates, times and format. Where a tender is received which is non compliant because, for example, the envelope is not marked as required, then, subject to any limitations in the Scheme of Delegation, the Responsible Officer (or Director where appropriate), may exercise some discretion in terms of whether or not that tender is accepted. Similarly, where there is provision for this in the Invitation to Tender, if after undertaking an initial review of the tender documents, the Responsible Officer is of the view that a genuine mistake, such as a mathematical error has been made in the tender, then the Responsible Officer (or Director where appropriate) may wish to exercise discretion and go back to the affected tenderer to clarify the submission made. If you wish to exercise this type of discretion, you should ensure that this falls within your delegated powers and you should take advice from Legal Services. All exercises of discretion should be carefully recorded in writing, including reasons why the discretion was exercised.
- 10 Where tenders are submitted electronically or by other digital media, then the Council should have in place, appropriate systems to ensure that receipt can be clearly recorded to ensure that tender timescales are complied with. Again, the Responsible Officer (or Director where appropriate) may exercise discretion as to whether or not to receive and accept tenders which are not submitted strictly in accordance with these requirements, although exercise of that discretion, should be exceptional and you should take advice from Legal Services.

12 Evaluation of Quotes and Tenders

- 12.1 All quotes and tenders shall be evaluated in accordance with evaluation criteria notified in advance to those submitting quotes/tenders.
- 12.2 Tenders subject to the EU Rules shall be evaluated in accordance with the EU Rules.
- 12.3 Save in exceptional circumstances approved in advance by the relevant Service Manager all contracts shall be awarded on the basis of the quote or tender which represents best value for money to the Council and not on the basis of lowest price.

CSO 12.1

- 1 The Council is under a general obligation to ensure that it is open and transparent about its purchasing procedures. This includes how you select the best tender or quote. This general obligation under the EC Treaty Principles applies to all purchasing and contracts – both those subject to the EU Rules and those not caught by those EU Rules.
- 2 “Evaluation criteria” are the criteria which you will use to assess a quote or tender in order to come to a decision on which quote or tender best meets the Council’s requirements and so who should be awarded a contract. It is important that you are clear and open with tenderers about what criteria you will use and that both they and you know, in advance, how the Council will assess/mark against the criteria. Where the EU Rules apply to the contract, then you are obliged by law to disclose the tender evaluation criteria in advance (see CSO 12.2).
- 3 This means that for all purchasing, the evaluation criteria must be set out in advance and be provided to the tenderers together with any scoring or assessment scheme which will be used. The criteria and scoring or assessment scheme cannot be changed after they have been provided to the tenderers, so you must be certain that the criteria are robust and the scoring or assessment scheme is appropriate for the particular contract and purchasing process.
- 4 Notification of the criteria and scoring or assessment scheme can be done in a number of ways – depending upon the type of process which you are using. For simple quotes, the evaluation could just be set out in a list in the letter inviting contractors to quote. For more formal processes, it would generally be more appropriate to include this information in the Invitation to Tender document and this may involve a more complex presentation style.
- 5 Specific provisions relating to tender evaluation criteria apply to contracts which are subject to the EU Rules (see commentary on CSO 12.2)

CSO 12.2

- 6 The EU Rules have specific provisions applying to tender evaluation criteria. The main legal provisions are at Regulation 30. This section now goes on to explain some of the key provisions of Regulation 30.
- 7 The Council is required to award contracts on the basis of an offer which is either (1) the lowest price or (2) the “most economically advantageous” – which means that other factors, in addition to price, can be taken into account such as quality, timing and delivery. In practice, the Council is extremely unlikely to opt to award a contract on the basis of lowest price only and CSO 12.3 reflects this.
- 8 Regulation 30 provides examples of the sort of evaluation criteria which can be used to assess what amounts to the “most economically advantageous tender”. This includes factors such as quality, price, technical merit and after sales service. The list is not exhaustive and so other evaluation criteria can be used. All evaluation criteria used by the Council in evaluating a tender must be linked to the subject matter of the contract. This

means that the criteria must be related to the works, supplies or services which are actually being purchased. We have given two examples of evaluation criteria below. There is more guidance in the Office of Government Commerce papers “Social Issues in Purchasing” and “Fair and Ethical Trading”.

Example 1. Environmental Considerations

The Community of Helsinki decided to put their bus services out to tender. They used award criteria such as overall price, quality of the bus fleet and operational quality. Under one award criterion, companies could score extra points if they could comply with certain emission and noise levels. On the basis of these extra points, the contract was awarded to the municipal transport company.

A losing tenderer opposed this decision, arguing that emission and noise levels could not be used as an award criteria.

The European Court of Justice ruled that the criteria could be used as (1) there was a sufficient link to the subject matter of the contract, (2) the criteria were specific and objectively quantifiable, (3) use of these criteria were notified in advance and (4) it was in accordance with basic Treaty principles.

Example 2. Social considerations -the social issue must be relevant to the purchase

Buying coffee/Fairtrade principles

The Council may specify organic coffee because the production process relates to the production of the coffee in terms of chemical content and the way it is grown. However, they cannot specify **only** fair trade coffee because this relates to the standard of living of the coffee growers and not the product. The Council can say in its contract documents that it would welcome fair trade coffee options such as Fairtrade or equivalent as part of a coffee supply contract. The bids should be evaluated on a value for money basis using the organic criteria and others directly related to the subject of the contract. Where the winning tenderer can supply fair-trade coffee, then the contract documentation may say that it should be made available at civic meetings.

- 9 The evaluation criteria which the Council will use must be stated in advance either in the OJ advertisement or in the tender documents. (The Regulations refer to the “contract documents” but in this context this means the Invitation to Tender (or equivalent documents if the open or restricted procedures are not being used).
- 10 In addition to setting out in advance what the evaluation criteria are, the Council is also required to state what “weighting” will be applied to assessing each of the criteria. The weightings must be listed together with the criteria – either in the OJ notice or in the tender documents. This requires the Council to give careful thought well in advance as to how tenders will be evaluated. Either the procurement team or a specialist consultant should be able to give you advice on formulating evaluation matrices.
- 11 It is only in very exceptional circumstances, that the Council will be able to avoid the requirement to list the weightings in advance. You should start with the assumption that weightings must be provided. If you consider that it is not possible to do this, then you must discuss this with Legal Services. If weightings cannot be provided, then Council is still required to list the criteria and must list them in descending order of importance.

13 Waivers

- 13.1 The requirement for the Council to conduct a competitive purchasing process for contracts in excess of £10,000 may be waived in the following circumstances.
- 13.1.1 For contracts which are not subject to the EU Rules, the work, supply or service is required as a matter of urgency and a delay would be likely to lead to financial loss, personal injury or damage to property; or
 - 13.1.2 the circumstances set out in the Public Contract Regulations 2006 Regulation 14 apply (whether or not the contract is of a type which is subject to the application of the EU Rules); or
 - 13.1.3 the contract is awarded under a Purchasing Scheme of a type where a competition has already been undertaken on behalf of the Council; or
 - 13.1.4 at the discretion of the relevant Director who may proceed in a manner most expedient to the efficient management of the service/Council with reasons recorded in writing.
- 13.2 A Responsible Officer who seeks a waiver of Contract Standing Orders, shall do so only in advance and only in exceptional circumstances. Further guidance on what may constitute exceptional circumstances permitting waiver of these Contract Standing Orders is set out in the Council's Purchasing Guide.
- 13.3 All waivers from these Contract Standing Orders must be:
- 13.3.1 Fully documented
 - 13.3.2 Subject to a written report in an approved format, available on the intranet, to be submitted **in advance** to the relevant Director which shall include reasons for the waiver which demonstrate that the waiver is genuinely required
 - 13.3.3 Subject to **approval in advance** by the Section 151 Officer who shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional. Applications for waivers which are a result of poor contract planning will rarely be considered genuinely exceptional.
 - 13.3.4 Subject to periodic report to Cabinet by Procurement Unit and retrospective waivers will also be reported via Governance & Audit Committee
- 13.4 All decisions on waivers must take into account:
- 13.4.1 Probity
 - 13.4.2 Best value/value for money principles.
- 13.5 For contracts subject to the EU Rules, any waiver from the requirement for competition must meet the conditions set out in the EU Rules in addition to the general requirements above.

CSO 13

- 1 The requirements of the CSOs can only be waived in very exceptional circumstances and in advance. If a waiver is made to these CSOs, then the provisions of CSO 13 must be complied with to ensure it is clear why the decision has been made and by whom. All the relevant circumstances must be taken into account.
- 2 These provisions should not be used merely where to go out to tender would, for example, result in additional administrative or procedural burdens or a short period of delay. The

waiver provisions should not be used as an excuse for poor procurement practice or for a lack of advanced planning (see CSO 13.3). The general presumption is that contracts will be put out to competitive tender so as to ensure that the Council uses its resources efficiently, purchases quality goods, services and works, safeguards its reputation from any implication of dishonesty or corruption and is able to demonstrate principles of sustainability, efficiency, whole life costings and cost savings.

- 3 It is very important to note that if the contract is of a type and value which means that it is subject to the EU Rules then there are only very limited circumstances in which a contract can be awarded without competition and the permitted circumstances are extremely narrowly interpreted. If you are seeking to exclude an EU contract from the requirement to go out to competition then you must seek advice in advance from Legal Services.
- 4 For contracts which are not subject to the EU Rules there are still obligations in terms of ensuring appropriate levels of competition (see comment at CSO 4.1.2 and CSO 7.1).

CSO 13.1

- 5 **CSO 13.1.1:** This CSO sets out the circumstances where it may be permissible due to a matter of urgency for the Council to purchase works, supplies or services without going through a competitive process.

Example: For a contract not subject to the EU Rules, a waiver from the requirement of competition may be appropriate using CSO 13.1.1 where, due to unforeseen circumstances, there is an urgent requirement for the provision of domiciliary care services and failure to deliver those services as speedily as possible may lead to health and safety issues for users.

- 6 **CSO 13.1.2:** Regulation 14 of the Public Contracts Regulations 2006 sets out certain, narrowly constrained circumstances where contracts which are subject to the EU Rules can be awarded without following a competitive purchasing process. These EU Rules also provide a good steer for the sort of circumstances where it may be acceptable to waive the requirement for competition for contracts which are not subject to the EU Rules. These include the following types of situation:

Examples:

- Where the Council has already gone out to an open and competitive tender, but only non compliant tenders have been received. It therefore decides to terminate the procurement process and negotiate the contract with those bidders who submitted a tender as part of the previous process.
- Where the Council went out to open competition and received no responses at all, in which case it decides to approach a single contractor and negotiate a deal on the basis of the original terms included in the public tender process.
- Where the Council already has a contract under which goods have been supplied to it and it then requires additional goods which could not be provided by another supplier and obtaining goods from another supplier would result in genuine incompatibility between the existing goods and those to be purchased or genuine and disproportionate technical difficulties in procuring the goods from elsewhere. Under the EU Rules, the additional requirements must also be purchased within 3 years of the original contract.
- Where there is a closing down sale so that goods can be purchased on a particularly advantageous basis.

These examples are not an exhaustive list but they do give an indication of the sort of circumstances where the purchase of additional goods, works or services without competition may be permissible. Where the Council wishes to extend a contract then CSO 14 will also apply.

- 7 **CSO 13.1.3:** Where a contract is awarded using a Purchasing Scheme (where appropriate, one which is compliant with the EU Rules) then provided that the Council is satisfied that the conditions set out in CSO 15 are met then there will be no further need to run a competition as that has already been undertaken on behalf of the Council.
- 1 **CSO 13.1.4:** In exercising discretion as to the award of the contract without the competitive process, the individual making that decision must pay due regard to the requirements of the CSOs and this purchasing guide. If the EU Rules apply then they must seek advice from Legal Services prior to proceeding.

Examples of where a waiver may be justified include:

- Requiring two rather than three written quotes for a contract between the value of £10,000 - £75,000 where there is clear evidence that the number of potential contractors is extremely limited
- A decision to go down a written quotation route rather than the requirement to obtain three written tenders in advance (for contracts below the EU threshold) and where the Council is satisfied that (1) there is no obligation to advertise that opportunity to comply with the general requirements of the EC Treaty Principles and (2) the general underlying requirements of the procurement process will still be satisfied.

NB Waivers should not be used for reasons of poor planning. It should not be the case that a contract is due to expire and has not been properly planned for. Appropriate tender lead cycles need to be factored into the planning process to avoid avoidance of best practice procedures.

14 Extensions to Existing Contracts

- 14.1 Where extensions to existing contracts are made, the extensions must be determined in accordance with the contract terms, for a specified period and made in accordance with the principles set out in the Council's Purchasing Guide.
- 14.2 Any extension must be:
- 14.2.1 Fully documented and notified to the Procurement Unit to update Contract Register
 - 14.2.2 Subject to a written report in an approved format to be submitted to the relevant Director and Section 151 officer, which shall include reasons for the extension which demonstrate that the need for the extension is genuinely exceptional
 - 14.2.3 Subject to approval by the Director and Section 151 officer, who shall record that they have considered the reasons for the extension and that they are satisfied that the circumstances justifying the extension are genuinely exceptional.
- 14.3 Any extension must take into account:
- 14.3.1 Probity
 - 14.3.2 Best value/value for money principles
- 14.4 For contracts subject to EU Rules, any extension must meet the conditions set out in the EU Rules in addition to the more general requirements set out above.

CS0 14

- 1 This CSO is primarily aimed at addressing the issue of when and how a contract period may be extended. There is a general presumption against the extension of contracts. Contracts may only be extended beyond their original term in genuinely exceptional circumstances. Any extension must be for a limited and specified period. Where the contract is caught by the EU Rules then the contract period may only be extended in limited circumstances and you must seek advice from Legal Services.
- 2 Clarity and certainty are key factors in establishing whether or not an extension is permissible. A well drawn up contract will set out in advance the clear basis upon which that contract may be extended.

Example: When the contract for IT support services was advertised, it was made clear in the advertisement that the contract would be:

- for an initial period of five years
- with an option to extend for up to a further two years

The provisions of the original contract explained how the extension is to be exercised together with the costs. The Council is now proposing to exercise the option to extend. There will be no renegotiation of either the legal terms, scope of the contract or the payment arrangements (except for the price inflation provisions specifically allowed for within the contract and clearly defined in advance). This extension is permissible.

- 3 The problems with contract extensions arises where either there is no provision for extension within the contract or the potential for extension was not made clear at the outset or where the arrangements for the contract extension result in renegotiations. In these circumstances, there are specific provisions which apply in the context of contracts subject to the EU Rules and you must seek advice from Legal Services.
- 4 For contracts not subject to the EU Rules then the basic principle is that any period of extension should be limited, for a specified period and the effect of the extension should not be such as to create a disproportionate expansion in the coverage either in terms of value, time period or subject matter of the contract. This is because it may well be regarded as anti-competitive to agree an extension of the contract which effectively awards a valuable opportunity to the existing supplier without having exposed that opportunity to competition and providing other providers with the opportunity to deliver those additional requirements.
- 5 Any extension of the subject matter (as opposed to the contract period) of a contract can generally only be permitted in accordance with the provisions of the contract or in very exceptional circumstances covered by the EU Rules. For longer term or major contracts, there are often provisions that allow for the evolution of the contract to meet the Council's needs, for example, by way of continuous efficiency and improvements clauses. Most of these contracts also incorporate mechanisms to allow for a certain degree of variation or change to reflect the practical issues associated with implementation and ongoing service delivery. Contracts must not be drafted in such a way as to be so flexible that they are in breach of the basic requirement that the contract terms must be clear and certain or to allow for changes which are so significant as to be potentially anti competitive because, for example, they effectively amount to the award of a new contract.
- 6 Particular caution should be exercised in terms of the practical effect of an extension on the contract value. In no circumstances should an extension be made to a contract that has the effect of increasing the contract to a value over the EU Rules thresholds in force at that time.

15 Purchasing Schemes

15.1 A Responsible Officer may use Purchasing Schemes subject to the following conditions and the Council's Purchasing Guide.

15.2 Responsible Officers must check in advance that

15.2.1 The Council is legally entitled to use the Purchasing Scheme

15.2.2 The purchases to be made do properly fall within the coverage of the Purchasing Scheme

15.2.3 The establishment and operation of each Purchasing Scheme is in compliance with the EU Rules (where they apply) and meets the Council's own requirements.

CS0 15

- 1 **CSO.15.1** - There are an increasing number of Purchasing Schemes which the Council may choose to participate in which assist in terms of purchasing efficiencies and value for money. An illustrative list is set out in CS0 15.3 and these types of schemes are discussed in further detail below.
- 2 **CSO 15.2:** Responsible Officers must check three key factors in advance, prior to using a Purchasing scheme:
- 3 **CSO 15.2.1:** Responsible Officers must check that the Council is legally entitled to use the Purchasing Scheme.

- 4 **CSO 15.2.2:** Responsible Officers need to check that the Purchasing Scheme covers the purchases to be made. All Purchasing Schemes should clearly specify what can be purchased under the scheme. This is to ensure that contractors participating in the scheme know what they are providing and purchasers are clear about the coverage and limitations of the scheme. It is therefore important to check that particular schemes do cover all your requirements.
- 5 **CSO 15.2.3:** Responsible Officers should ensure that the Purchasing Scheme has been established and is operated in accordance with the detailed EU Rules (where they apply). Purchasing Schemes can be a very efficient way of ensuring compliance with the EU Rules without having to undertake further separate EU procurement processes. The Council cannot discharge itself from its obligations to ensure compliance with the EU Rules.

Example: In the context of framework arrangements it is important to ensure that types of potential purchases to be made by the Council are clearly identified in the original OJ notice, that the framework is established for the permissible four year period and that any mini competitions are operated in accordance with the provisions of the EU Rules

15.3 A "Purchasing Scheme" may include:

- 15.3.1 Contractor prequalification lists/select lists
- 15.3.2 Framework arrangements (including those set up by the Office of Government Commerce), Central Buying Consortium, Kent Commercial Services
- 15.3.3 Purchasing arrangements set up by central purchasing bodies and commercial organisations
- 15.3.4 Consortium purchasing
- 15.3.5 Collaborative working arrangements
- 15.3.6 Formal agency arrangements
- 15.3.7 E-procurement/purchasing schemes and methods
- 15.3.8 Other similar arrangements such as the IDeA Marketplace

CSO 15.3

- 6 The term "Purchasing Scheme" is used to describe a range of different purchasing practices and the list is not intended to be exhaustive.
- 7 **CSO 15.3.1: Contractor pre-qualification lists/select lists** are often operated by councils to produce a list of contractors who are appropriately pre qualified to deliver the requirements of the Council. This streamlines purchasing as it means that a contractor's suitability does not have to be assessed every time a contract award is contemplated. Care does need to be taken to ensure that these arrangements do not fall into the trap of being caught by the EU Rules, because they amount to a repeated requirement for the same or similar provision (see comment at CSO 9). Pre qualification and select lists are not permitted for purchasing caught by the EU Rules.
- 8 **CSO 15.3.2: Framework Arrangements:** care needs to be taken to ensure that you understand what is intended by this term and whether or not the Purchasing Scheme is a framework arrangement subject to the EU Rules. The EU Rules define framework arrangements as a very specific type of arrangement. Where the EU Rules apply, frameworks are subject to controls including a limit of 4 years on the life of the framework and the conduct of mini competitions within a framework. However, the term "framework" is used more generally and so you need to be clear about what type of framework you are participating in and whether or not it complies with EU Rules.

- 9 **CSO 15.3.3: Purchasing arrangements: set up by central purchasing bodies and commercial organisations** (including arrangements established by the Office of Government Commerce) are frequently forms of framework arrangements set up to comply with the EU Rules. However, you will need to check that you understand what format the purchasing arrangements comprise and whether or not EU Rules have been taken into account and, where appropriate, complied with in their award.
- 10 **CSO 15.3.4: Consortium purchasing** may refer to purchasing by groups of authorities together or as one authority on behalf of others, in which case, it is more likely that technically this amounts to a central purchasing arrangement.
- 11 **CSO 15.3.5: Collaborative working** arrangements may involve different levels of formality. Some collaborative working is merely a loose agreement between different organisations to work together in their purchasing. Collaborative working is also used to refer to arrangements, which may in practice, involve the pooling of resources. It is important to clarify which sort of collaborative working arrangement is proposed, so as to identify the rules, which may apply.
- 12 **CSO 15.3.6:** In some circumstances, a **formal legal agency** arrangement may apply in which case you need to ensure that you understand the legal terms which the Council will be required to contract on.
- 13 **CSO 15.3.7:** All of the above types of Purchasing Schemes may include some form of EU procurement, but there are also other forms of electronic Purchasing Schemes and methods including the use of the electronic purchasing cards, online listings and information sharing

15.4 Where a Purchasing Scheme is used then there shall be a whole or partial exemption from the obligations under these Contract Standing Orders in respect of the choice and conduct of procedures to the extent permitted and indicated in the Council's Purchasing Guide.

CSO 15.4

- 14 Where a Purchasing Scheme is used then, as a main driver behind many of these Purchasing Schemes is to simplify procurement, some or all of the CSOs may not apply. In practice, the CSOs less likely to apply are those that relate to the tendering procedures, as many of these procedures will often be undertaken as part of the Purchasing Scheme process. The extent of the application of the CSOs and the exemptions from those standing orders will vary according to the type of scheme being used.
- 15 In general, the provisions of the following CSOs will continue to apply when a Purchasing Scheme is used:
- CSO 1 – Purpose of the contract standing orders**
 - CSO 2 – General principles**
 - CSO 3 – General principles applying to all contracts – contracts in writing/standard clauses**
 - CSO 4 – Regulatory context**
 - CSO 5 – Responsibilities of Directors, Service Managers and Responsible Officers**
 - CSO 6 – Schemes of Delegation**
- 16 **CSO 7: Financial Thresholds and Procedures**
- CSO 7.1:** Will apply where a Purchasing Scheme is used.
 - CSO 7.2:** Will apply where a Purchasing Scheme is used.

CSO 7.3: Will apply where a Purchasing Scheme is used where the Responsible Officer is required to make a decision as to the choice of advertising media.

CSO 7.4: This CSO will apply only to the extent that it is relevant for a particular Purchasing Scheme. Quotes or written tenders may be procured by way of the Purchasing Scheme. In some circumstances, for example where a framework arrangement for supplies has been established, then the Council can purchase direct from contractors on the framework without the need for a further quote or tender process.

CSO 7.5: Will apply where a Purchasing Scheme is used.

17 **CSO 8: Financial Thresholds and processes applying to approval and execution of contracts.**

CSO 8.1: For contracts over the relevant EU threshold, the choice of purchasing procedure – including choice of the Purchasing Scheme (and thus procedure) should still be authorised in writing in advance.

CSO 8.2, CSO 8.3 and CSO 8.4: Responsible Officers still need to ensure that if a Purchasing Scheme is used, then these requirements are complied with.

18 **CSO 9: Calculating the contract value.** These principles still apply in calculating the contract value of purchases to be made under Purchasing Schemes.

19 **CSO 10: Principles underlying tendering processes and tender evaluation.** The extent to which this CSO will apply will depend upon the nature of the Purchasing Scheme. Some Purchasing Schemes will involve the undertaking of tender evaluation entirely by another organisation. In these circumstances, the Council still needs to be satisfied that the process to be undertaken by that other organisation meets its basic requirements but for example, less attention will need to be paid to ensuring sufficiency of time in planning and running the process as this has been done on behalf of the Council.

20 Basic EC Treaty principles of equal opportunities and equal treatment, openness and transparency as well as the need to ensure probity and that the outcomes deliver sustainability, efficiency and cost savings will still apply irrespective of the type of procurement process used, including the use of Purchasing Schemes.

21 **CSO 11: Submission and opening tenders:** For certain types of Purchasing Schemes, the Council will not need to issue Invitations to Tender and comply with the other requirements of this CSO as the process itself may be run by another organisation. Again, this will be dependant on the type of Purchasing Scheme used.

22 **CSO 12: Evaluation of quotes and tenders:** Irrespective of the Purchasing Scheme used, the Council should be satisfied that the criteria used to select contractors meets its requirements and ensure that best value is obtained. However, for certain types of Purchasing Schemes such as centrally organised framework arrangements and those undertaken by central purchasing bodies, the evaluation criteria and processes will be run by another organisation.

23 **CSO 13: Waivers:** These provisions still apply to the extent that they are relevant under Purchasing Schemes.

24 **CSO 14: Extension to existing contracts:** These provisions will continue to apply and any extensions to contracts awarded under Purchasing Schemes will also need to meet the requirements of those Purchasing Schemes and be carried out in accordance with those arrangements.

25 **CSO 16: Review and change of these CSOs:** These provisions apply. It should be noted that the list at CSO 15.3 of permissible Purchasing Schemes allows for a range of Purchasing Schemes to apply. These are not identified specifically but generically and so new Purchasing Schemes may well fall within the permitted type of Purchasing Scheme without a requirement for a change in the CSOs themselves.

16 Review and Changes to these Contract Standing Orders

16.1 These Contract Standing Orders shall be reviewed and updated on a regular basis. Save in the case of revisions to the EU Thresholds in Contract Standing Order 7, amended Contract Standing Orders shall be recommended by the Governance and Audit to Council. The Head of Legal and Democratic Services will make revisions to the EU Thresholds.

CS0 16

- 1 The CSOs themselves can only be updated in accordance with the provisions set out in the Council's Constitution.
- 2 The EU Thresholds are set by the EU every two years and apply to all member states. There is no discretion available in terms of the threshold at which the EU Rules will apply. It is therefore more appropriate to arrange for amendment of CSO 7 to reflect the new EU Threshold under a scheme of delegation.
- 3 The provisions of this Purchasing Guide can be updated and amended more easily than the CSOs themselves. If you have comments, suggestions or proposals for amendments or improvements to this Purchasing Guide then please contact the Procurement Team.

17 Standard Clauses

17.1 Each contract shall include standard clauses, or those indicated where applicable dependant on the nature of the contract, on

- 17.1.1 Anti Fraud and Corruption
- 17.1.2 Prevention of Assignment
- 17.1.3 Equal Opportunities
- 17.1.4 Health and Safety
- 17.1.5 Freedom of Information Act 2000
- 17.1.6 TUPE and workforce matters as applicable
- 17.1.7 Child Protection and Safeguarding Children where applicable
- 17.1.8 Liquidated Damages where applicable
- 17.1.9 Protocol for performance data sharing by contractors where applicable.

CSO 17

- 1 These standard clauses are available for the Head of Legal and Democratic Services.

Attachment 1 – Risk Assessment

Thanet District Council's form of assessment is the 4 x 4 matrix. The colours red, amber, yellow and green reflect differing levels of overall risk with green and yellow being acceptable, amber being of cause for caution and concern and red being of grave concern with a report required to Governance and Audit committee.

The tables at Appendix 1 set out the suggested criteria for assessing the probability and impact to produce an overall score.

Ideally, scoring should be undertaken by more than one person to allow for different perceptions of risk; one person's high risk can be another's low to medium.

Where the scoring differs across the criteria for impact and probability, it is suggested that a cautious approach is to use the score, which is highest for any of the criteria rather than an average. However, be prepared to apply a common sense approach and score accordingly.

For further information please refer to the corporate document – Risk Management – Friend or Foe? Risk Management Process or contact the Corporate Governance Officer on 7625.

Risk Matrix

Probability	Very likely (4)	Medium-Low (4)	Medium-High (8)	High (12)	High (16)
	Likely (3)	Medium-Low (3)	Medium-High (6)	Medium-High (9)	High (12)
	Unlikely (2)	Low (2)	Medium-Low (4)	Medium-High (6)	Medium-High (8)
	Remote (1)	Low (1)	Low (2)	Medium -Low (3)	Medium-Low (4)
	Minor (1)	Significant (2)	Serious (3)	Major (4)	
					Impact

Appendix 1

Risk Matrix - Probability

Rating	Score	Indicative Guidelines – provided as examples	
		Threat	Opportunity
Very likely	4	<ul style="list-style-type: none"> • More than a 75% chance of occurrence. • Regular occurrence. • Circumstances frequently encountered. 	<ul style="list-style-type: none"> • Favourable outcome is likely to be achieved in one year. • Better than 75% chance of occurrence.
Likely	3	<ul style="list-style-type: none"> • 41% - 75% chance of occurrence. • Likely to happen at some point in the next 3 years. • Circumstances occasionally encountered. 	<ul style="list-style-type: none"> • Reasonable prospects of favourable results in one year. • 41% - 75% chance of occurrence.
Unlikely	2	<ul style="list-style-type: none"> • 10% - 40% chance of occurrence. • Only likely to happen once every 3 or more years. • Circumstances rarely encountered. 	<ul style="list-style-type: none"> • Some chance of favourable outcome in medium term. • 10% - 40% chance of occurrence.
Remote	1	<ul style="list-style-type: none"> • Less than a 10% chance of occurrence. • Has never happened before. • Circumstance never encountered. 	<ul style="list-style-type: none"> • Less than a 10% chance of occurrence.

Risk Matrix - Impact

Rating	Score	Indicative Guidelines – provided as examples	
		Threat	Opportunity
Major	4	<ul style="list-style-type: none"> • Major loss of service for more than 5 days. • One or more fatalities. • Major financial variation of more than £200k. • Major national news item. • Major impact on time / costs / resources. • Affect the whole Council. 	<ul style="list-style-type: none"> • Major improvement to services, generally or across a broad range. • Major improvement to health, welfare and safety. • Positive national press, national award or recognition, elevated status by national government. • Producing more than £50,000
Serious	3	<ul style="list-style-type: none"> • Loss of service for 3 to 5 days. • Major injury to an individual / several people. • Financial variation between £100k and £200k. • Major local news / professional press item. • Serious impact on time / costs / resources. • Affect many service areas of the Council. 	<ul style="list-style-type: none"> • Major improvement to critical service area. • Serious improvement to health, welfare and safety. • Recognition of successful initiative. • Sustained positive recognition and support from local press. • Producing up to £50,000.
Significant	2	<ul style="list-style-type: none"> • Loss of service for 2 to 3 days. • Severe injury to an individual / several people. • Financial variation of £50k to £100k. • Local news / minor professional press items. • Controllable impact on time / costs / resources. • Affect 1 or few service areas of the Council. 	<ul style="list-style-type: none"> • Significant improvement to service area. • Significant improvement to health, welfare and safety. • Recognition of successful initiative. • Positive recognition and support from local press.
Minor	1	<ul style="list-style-type: none"> • Brief disruption to service for less than 1 day. • Minor injury to an individual. • Financial variation of less than £50k. • Minimal news / press impact. • Minimal impact on time / costs / resources. • Affect Project Team only. 	<ul style="list-style-type: none"> • Improvement to a process within a service area.

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EXECUTIVE STRUCTURE – CABINET AND CABINET PORTFOLIOS

To: **Cabinet – 12th February 2009**
Constitutional Working Party – 23 February 2009
Council – 26 February 2009

Main Portfolio Area: **Corporate**

By: **Miles Smith**
Interim Head of Legal & Democratic Services as Monitoring Officer

Classification: **Unrestricted**

Summary: To note changes to the Constitution following the Leader of the Council's decision to amend Cabinet portfolios and appoint an additional Cabinet Member.

For Decision

1.0 Introduction

1.1 On 2 February 2009 the Leader of the Council gave notice to the Monitoring Officer of his decision to increase the number of Cabinet members, and introduce revised portfolios, with effect from that date. The new arrangements align with the new Directorate structure.

2.0 Constitutional Implications

2.1 The Constitutional position is as follows:

2.2 Article 7.02 provides for a Cabinet comprising the Leader and at least two, but not more than nine, other members. The Article provides for the number of other members and their precise portfolios to be determined by the Leader.

2.3 Following a decision taken by Council in February 2008, any changes in the number or portfolios of cabinet Members automatically leads to similar changes for the Shadow Cabinet.

2.4 Following a decision by the Leader it is the responsibility of the Monitoring Officer under Article 15.02 to make and publish the necessary consequential changes to the Constitution. This report is presented to Council in pursuance of that duty.

3.1 Cabinet portfolios

3.1.1 The Leader has decided that, in addition to the Leader and Deputy Leader, the Cabinet should include six other members and that their Cabinet portfolios should be as set out in Annex1. This approach secures an alignment between

Cabinet portfolios and the responsibilities of Directors. The portfolios of the Leader and Deputy Leader remain unchanged.

- 3.1.2 Following the Council decision referred to above, the Leader's decision will lead to an increase in, and restructuring of, the Shadow Cabinet in similar terms.

3.3 Members' Allowances

- 3.3.1 The current Members' Allowances Scheme provides for the payment of Special Responsibility Allowances to the Leader, Deputy Leader, five Cabinet Portfolio Holders, the Opposition Group Leader and six Shadow Cabinet Members

3.3.2. The Scheme requires amendment to allow payment of special responsibility allowances to all members of the new Cabinet and Shadow Cabinet. Recommended revisions to the Scheme in respect of these posts are set out at Annex 2.

4.0 Corporate Implications

- 4.1 Financial

- 4.1.1 See Annex 2

- 4.2 Legal

- 4.2.1 These arrangements are in accordance with S.11 and Sch.1 Local Government Act 2000

- 4.3 Corporate

- 4.3.1 The revised Cabinet portfolios reflect the new Directorate structures.

- 4.4 Equity and Equalities

- 4.4.1 There are no equalities issues arising from this report.

5.0. Decisions required

- 5.1 The report of the Monitoring Officer be received
- 5.2 The proposed amendments to the Members' Allowances Scheme for 2008/9, set out in Annex 2, be adopted.

6.0 Decision Making Process

- 6.1 Approval of, and changes to, the Members' Allowances Scheme are decisions reserved to Council.

Contact Officer:	Miles Smith, Interim Head of Legal & Democratic Services
Reporting to:	Richard Samuel, CEO

Annexes

	Title
Annex 1	Structure of new Cabinet Portfolios
Annex 2	Allowances' Scheme

Background Papers

Title	Details of where to access copy
None	

Corporate Consultation Undertaken

Finance	Sue McGonigal, Director of Finance
Legal	Miles Smith, Interim Head of Legal & Democratic Services

Annex 1

New Cabinet Portfolios

Constitution for Governance of Thanet District Council

Part 3 - Responsibility for Functions

Section 3 – Responsibility for Executive Functions

New Paragraphs A to I Replacing Paragraphs A to H

A. Introduction

In accordance with the Secretary of State's guidance, Cabinet Members should amongst other things:

- (i) Ensure that they have sufficient time to focus on broad strategic issues (para 4.21 of the Guidance); and
- (ii) Seek advice from relevant officers before taking a decision within his or her own delegated authority; where appropriate this should include taking legal advice, financial advice and professional officer advice (particularly about contractual matters) as well as consulting the Monitoring Officer where there is a doubt about legal powers (para 4.44 of the Guidance).

Any matter within a Cabinet Member's delegated powers may be referred by him or her to Cabinet for decision.

In addition to acting collectively in the Cabinet, each Cabinet Member will have the general role of providing leadership and guidance in respect of all executive functions within the portfolio area for which he or she is accountable and the promoting and improving the Council's profile and public perception.

B. General Delegations

Within their portfolio responsibility areas and in accordance with the Council's Core Policy Framework, Contract Procedure Rules, Budget and Capital Programme:

To regularly review the effectiveness of policies and the performance of services and make recommendations for continuous improvement to the Cabinet.

To advise Cabinet on resourcing and to monitor and review capital and revenue budgets to ensure expenditure and income is consistent with the Council's agreed budget.

To liaise and work with other portfolio holders on cross cutting areas of responsibility and make recommendations to Cabinet as appropriate. [Note: Any matter relating to more than one portfolio area must be referred by the portfolio holders to Cabinet for decision.]

To annually review fees and charges and recommend changes in line with the Council's agreed budget strategy.

To make or agree recommendations to Cabinet in relation to new policy areas.

To consider and agree service plans for services and regularly review these with appropriate officers to ensure agreed actions are taken.

To be accountable to the Cabinet for the implementation of agreed priorities and final recommendations from the Corporate Plan, Service Plans and reviews and to consider and act on reports received from officers monitoring progress.

To authorise the making of applications for planning permission for proposed development.

To approve bids for additional funding, expenditure, variations to expenditure and the letting of contracts for works, goods and services

In any case where, on the recommendation of the Chief Executive, a matter is urgent and a decision cannot reasonably await the next meeting of the Cabinet and the relevant portfolio holder does not have a general or specific delegated power, the relevant portfolio holder may nevertheless make a decision on behalf of the Cabinet subject (except in the case of the Leader) to prior consultation with the Leader and subject to the decision being reported to Cabinet as soon as practicable. [Note: in the case of a key decision the Access to Information Procedure Rules must still be complied with.]

To approve partnership arrangements through the development of annual Service Level Agreements

To approve the use of Council premises and land for promotional, occasional or operational use

C. Leader of the Council

Scope of Portfolio

To lead and co-ordinate the Cabinet on all major

- Policy developments
- Projects
- Resourcing issues and
- Community development initiatives

Specific Delegated Powers:

1. To deal with matters relating to official, courtesy, foreign or general hospitality and related activities of Members within an approved budget.
2. To approve and lead arrangements for external partnerships
3. To act as the Council's lead Member on the development of the Thanet Local Strategic Partnership.
4. To approve the appointment of Council Members to sit on external

Partnership Boards related to regeneration and to monitor their performance in accordance with approved guidance.

5. To take any necessary executive decisions in respect of the Offshore Windfarm Development, Pleasurama, Margate Renewal Board and the Development of Port of Ramsgate Governance.
6. To nominate a Cabinet Member to act on his or her behalf on a specific project.
7. To appoint Members to fill vacancies on the approved list of outside bodies and consider and approve additional appointments to the list.
8. To exercise any specific delegated power of any Cabinet Member

D. Deputy Leader of the Council

To act on behalf of the Leader when he or she is absent or unable to act. To work under the Leader's direction on Cabinet Co-ordination and ensure resolution of any inter portfolio issues.

Portfolio – Regeneration and Economic Development

Portfolio Holder – Cllr Roger Latchford

Scope of Portfolio:

To lead policy development and advise the Cabinet on

- Strategic planning policy
- Regeneration, and economic development
- Asset management
- Port of Ramsgate
- Margate Renewal Partnership

Specific Delegated Powers:

1. To receive and to agree a quarterly financial overview on the use of external and Council funding in respect of regeneration projects championed by the Council, and by partners, provided such financial statements shall indicate expenditure in line with available secured funding.
2. To keep under review the Council's land and property requirements through chairing the Asset Management Strategy Group.
3. To approve detailed terms for the acquisition, disposal or management of property and interests therein within the context of the Council's Asset Management Strategy and the current Asset Management Plan
4. To agree such actions as necessary to take full advantage of Assisted Area Status.
5. To foster and develop relationships with inward investors, representatives of the business community and organised labour.

6. To approve initiatives for the promotion of all forms of business and commercial investment in the district.
7. To form, maintain and review annually a business strategy for Ramsgate Harbour and any other harbours which at any time come within the Council's control, with a view to ensuring the efficient and effective operation and marketing of the harbours.
8. To represent the Council in sub-regional and regional areas in respect of the development of planning policy.

E. Finance and Corporate Services

Portfolio Holder – Cllr Martin Wise

Scope

To lead policy development and advise the Cabinet on:

- Finance including revenue and capital for general fund and HRA budgets preparation and monitoring
- Human resources and organisational development
- Health and safety
- Corporate governance and risk management
- Service planning and best value performance planning
- Performance management
- in conjunction with service portfolio holders

Specific Delegated Powers:

1. To approve the write off of debts over £10,000

F. Customer Services and Business Transformation

Portfolio Holder – Cllr Jo Gideon

Scope

To lead policy development and advise the Cabinet on:

- Service improvement and transformation
- Information and communications technology
- E-government
- Information, records and data management and strategy
- Housing and Council tax benefits
- The Corporate Plan theme *MODERN COUNCIL*

Specific Delegated Powers

1. To decide on matters brought forward by officers for decision in relation to the following matters:
 - Information and Records Management
 - ICT
 - To oversee improvements to and integration of customer response including customer service standards and learning from complaints.

G. Community Services

Portfolio Holder – Cllr Zita Wiltshire

Scope

To lead policy development and advise the Cabinet on

- Landlord services
- Homelessness and housing needs
- Private sector housing
- Housing strategy
- Environmental health
- Neighbourhood renewal
- Community safety and CCTV
- Community development
- The Corporate Plan Themes SAFER NEIGHBOURHOODS, DECENT QUALITY HOUSING and HEALTHY COMMUNITIES

Specific Delegated Powers

1. To approve financial contributions to the development of new affordable housing from the Section 106 reserves
2. To approve proposals for new social housing developments delivered through the planning system.
3. To make decisions regarding in all aspects concerning the administration of the Right to Buy including agreeing to waivers of repayment of discount in Right to Buy cases where the property is re-sold within 3 years of purchase.
4. To approve the purchase or sale of additional shares or equity in shared ownership properties.
5. To approve the declaration surplus to requirements of property held within the Housing Revenue Account.

6. To approve proposals on the arrangements for the management and supervision of all Council owned housing stocks, including repairs, maintenance, improvements, transfers and arrangements for tenant involvement, following appropriate consultation with residents as required by the Housing Acts.
7. To approve the making of demolition and prohibition orders
8. To approve the making of CPOs and other measures to deal with empty properties in private ownership.
9. To determine appeals in respect of applications for re-housing, the allocation of housing or matters arising from the enforcement of the Council's conditions of tenancy including the termination of probationary tenancies.

H. Environmental Services

Portfolio Holder – Cllr Shirley Tomlinson

Scope of Portfolio

To lead policy development and advise the Cabinet on

- Environmental management and cleaning
- Waste collection and recycling
- Cemeteries and crematoria, parks and open spaces and public toilets
- Leisure and recreation including theatres
- Management of the partnership with Thanet Leisureforce Limited
- Children's' play areas and spaces
- Foreshore and coastal management
- Tourism
- Cultural development
- Parking and residual highway matters
- The Corporate Plan theme *KEEPING THANET BEAUTIFUL*

Specific Delegated Powers:

1. To approve following public consultation, all parking orders, taxi rank locations, street management schemes and resident parking schemes.
2. To confirm any action in respect of temporary road closures authorised by the Town Police Clauses Act 1847.
3. To consider recommendations from Scrutiny and the Joint Transportation Board on traffic management and transportation matters and make decisions thereon.
4. Approving bids for programme funding and the provision of support to partner organisations in their bids for funding within the scope of the portfolio.
5. Approving partnership arrangements for the delivery of services within the scope of the portfolio through the development of Service Level Agreements

and making such corrections to relationships as are necessary to ensure that the Council maximises opportunities.

I. Regulatory Services and Ramsgate Marina

Portfolio Holder – Cllr John Kirby

Scope of Portfolio:

To lead policy development and advise the Cabinet on

- Building control
- Estate management
- Development control
- Planning enforcement
- Conservation of historic built environment
- Licensing and land charges
- Ramsgate Marina

Specific Delegated Powers:

1. Approving bids for programme level funding and the provision of support to partner organisations in their bids for funding.
2. To authorise detailed terms for the acquisition, sale, letting and granting of licences and leases in connection with Council land and property.
3. To authorise the granting of easements, release of covenants, surrenders of leases, assignments or amendments of any terms of approved leases.
4. To approve strategies and proposals to take full advantage of Assisted Area Status.
5. To receive, liaise and foster relationships with inward investors, representatives of the business community and organised labour.
6. To approve strategies and initiatives in which the Council can promote and encourage all forms of business and commercial investment in the District.
7. On the recommendation of the Director and the Director of Finance and Corporate Services to authorise leisure boating rates and discounts to the published tariffs
8. To be responsible for the valuation, maintenance, repair and operation of all Council property in accordance with the Asset Management Strategy
9. To authorise the granting of easements, release of covenants, surrenders of leases, assignments or amendments of any terms of approved leases
10. In the absence or unavailability of the Deputy Leader represent the Council in sub-regional or regional areas in respect of planning policy.

Members' Allowances (Cabinet and shadow Cabinet only)

ANNEX 2

Position	Current Scheme			Proposed Scheme		
	Number	Allowance £	Possible maximum expenditure £	Number	Allowance £	Possible maximum expenditure £
Executive						
Leader	1	18,082	18,082	1	18,082	18,082
Deputy Leader	1	10,776	10,776	1	10,776	10,776
Cabinet Portfolio Holder	5	7,990	39,950	6	7,990	47,940
Non-Executive						
Opposition Group Leader	1	5,204	5,204	1	5,204	5,204
Opposition Deputy Group Leader	1	2,304	2,304	1	2,304	2,304
Shadow Cabinet	5	2,304	11520	6	2,304	13824
			87836			98130

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EXECUTIVE STRUCTURE – LEAD MEMBERS

To: **Constitutional Review Working Party - 23 February 2009**
Joint CMT/Cabinet - 05 March 2009
Council - 21 May 2009

Main Portfolio Area: **Corporate**

By: **Miles Smith**
Interim Head of Legal & Democratic Services

Classification: **Unrestricted**

Summary: To consider recommendations from the Leader of the Council that the Council's Constitution should be amended by the inclusion of provisions for the appointment of Lead Members to support Cabinet members.

For Decision

1.0 Introduction

- 1.1 Following consideration of Thanet's executive arrangements, the Leader of the Council has, working with senior members of the Executive and officers, developed proposals for the creation of Lead Members as a new feature in Thanet District Council's Constitution.
- 1.2. Each of the five portfolio holders (but not the Leader or deputy Leader) would be supported by two Lead members. Each Lead member would 'work to' their Cabinet member and, amongst other matters, would lead on specific areas of policy development and deputise for the Cabinet Member in their representative and community engagement roles.

2.0 Constitutional Background

- 2.1 The Constitutional position is as follows:
- 2.2 Article 7.02 provides for a Cabinet comprising the Leader and at least two, but not more than nine, other members. The Article provides for the number of other members and their precise portfolios to be determined by the Leader.
- 2.3 Following a decision taken by Council in February 2008, any changes in the number or portfolios of Cabinet Members automatically leads to similar changes for the Shadow Cabinet.
- 2.4 On 3 February 2009 the Leader gave notice of his decision to increase the size of the Cabinet to five members (in addition to the Leader and deputy Leader) and to make changes to the existing portfolios. This was reported to Cabinet at their meeting on 12 February 2009 and will be reported to Council on 26 February 2009. At that meeting the Council will also consider a

recommendation that the Scheme of Members Allowances should be amended to accommodate the additional appointments.

3.1 Lead Members – Other Authorities

- 3.2.1 A number of authorities have introduced the role of Lead members or Cabinet Advisors. Typically, these roles do not acquire any of the formal decision-making powers of the corresponding Cabinet member. Instead, they allow another designated member to substitute for the Cabinet Member in a representative role at meetings and visits and to sponsor specific policy areas or issues.
- 3.2.2 In some authorities Lead members attend Cabinet meetings in others they do not. In some they attend in the absence of the Cabinet member. In either event they cannot vote.
- 3.2.3 An important issue is whether holding that role of Lead member precludes the member from serving on the Overview and Scrutiny Panel or one of its working parties.
- 3.2.4 Kent County Council Lead Members can serve on overview and scrutiny meetings and their constitution prohibits a Lead Member from serving on any scrutiny body “dealing with issues that are within their own areas of responsibility”. On this basis a Lead member appointed to the Overview and Scrutiny Panel would need to keep under review whether serving on a particular working party is likely to break such a restriction.
- 3.2.5 A number of authorities including Worcestershire and West Sussex do not allow Lead members to serve on their Overview and Scrutiny Panel or its working parties.
- 3.2.6 Another element of the Constitution that needs to be considered is the degree to which Lead Cabinet Members will acquire similar rights to Cabinet Members. The Working Protocol on Member Briefings, Enquiries, Contact and Correspondence within the constitution defines the rights of Cabinet Members to receive documents, be copied into correspondence and so on.

3.3 Lead Members – The Leader’s Proposal for Thanet.

- 3.4 Each Lead Member will have a defined sub-portfolio within the Cabinet Member’s portfolio.
- 3.5 Within their sub-portfolio they will under the direction of the Cabinet Member
- Lead on policy development
 - Advise the cabinet member
 - Substitute for the cabinet member at Council, Cabinet and Committee meetings (but not exercise the cabinet members vote)
 - Substitute for the cabinet member at other internal meetings
 - Represent the Council on executive matters in the absence of the cabinet member at external meetings

- Chair advisory and consultative meetings
 - Respond to media interviews and enquiries on behalf of the Council in the absence of the cabinet member
- 3.6 They would not:
- Exercise any delegated power
 - Serve on any scrutiny body dealing with issues that are within their Cabinet Member's portfolio
 - Acquire the rights of cabinet members under the Working Protocol on Members' briefings, Enquiries, Contact and Correspondence
- 3.7 These arrangements would not be mirrored by similar arrangements within the Opposition Group.

3.3 Members' Allowances

- 3.3.1 The current Members' Allowances Scheme provides for the payment of Special Responsibility Allowances to the Leader, Deputy Leader, five Cabinet Portfolio Holders, the Opposition Group Leader and six Shadow Cabinet Members
- 3.3.2 At their meeting on 26 February, and following the Leader's decision of 3 February, the Council will consider recommendations to extend the Scheme to allow payment of special responsibility allowances to all members of the new Cabinet and Shadow Cabinet.
- 3.3.3 The regulations allow special responsibility allowances to be paid for lead member roles. It is the recommendation of the Leader that these should be paid at £500 per annum and provision at this level is included in the Scheme elsewhere on this agenda.

4.0 Corporate Implications

4.1 Financial

- 4.1.1 The costs of the special responsibility allowance for lead member roles will be contained within existing budgets.'

4.2 Legal

- 4.2.1 There is no specific statutory authority for the creation of Lead member roles. However none is required as the role will not exercise delegated responsibilities. The role is now well established in many authorities.

4.3 Corporate

4.3.1

4.4 Equity and Equalities

- 4.4.1 There are no equalities issues arising from this report.

5.0. Decisions required

- 5.1 Approval of the amendment to the Constitution set out in Annex 1.
- 5.2 The proposed amendments to the Members' Allowances Scheme for 2008/9,

6.0 Decision Making Process

- 6.1 Approval of, and changes to the Constitution and the Members' Allowances Scheme are decisions reserved to Council.

Contact Officer:	Miles Smith, Interim Head of Legal & Democratic Services
Reporting to:	Richard Samuel, CEO

Annexes

	Title
Annex 1	Lead Members – Amendment to the Constitution

Background Papers

Title	Details of where to access copy
None	

Corporate Consultation Undertaken

Finance	Sue McGonigal, Director of Finance
Legal	Miles Smith, Interim Head of Legal & Democratic Services

ANNEX 1 - LEAD MEMBERS - AMENDMENT TO THE CONSTITUTION

Constitution for Governance of Thanet District Council

Part 3 - Responsibility for Functions

Section 3 – Responsibility for Executive Functions

New Paragraph J

- 1 The Leader may appoint other Members of the Council to act as Lead Members for such issues or service areas as he may determine. A Lead Member shall not be a member of the Cabinet and may not take decisions on behalf of the Cabinet Member nor vote at a Cabinet meeting. Lead Members may not serve on any Scrutiny and Overview body dealing with issues that are within their Cabinet Member's portfolio
- 2 Lead Members may, under the direction of the Cabinet Member:
 - (a) Lead on the development of policy
 - (b) Substitute for the Cabinet Member at Council, Cabinet and Committee meetings (but not exercise the Cabinet Members vote)
 - (c) Substitute for the Cabinet Member at other internal meetings
 - (c) Advise their cabinet Member on decisions to be taken by them
 - (d) Represent the Council and Cabinet Member at external and partnership meetings
 - (e) Chair advisory and consultative meetings
 - (f) Respond to media interviews and enquiries on behalf of the Council in the absence of the Cabinet Member

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ESSENTIAL TRAINING FOR MEMBERS OF THE STANDARDS COMMITTEE

To: **Constitutional Review Working Party, 23 February 2009**

By: **Glenn Back, Democratic Services and Scrutiny Manager**

Classification: **Unrestricted**

Summary: Standards Committee has recommended that only members trained in the local assessment of complaints should become full members of the Standards Committee. On 18 December 2008 Council referred the matter to this Working Party for consideration.

For Decision

1.0 Introduction and Background

- 1.1 Assessment of complaints that a member may have breached the Code of Conduct has been a function of local Standards Committees from May 2008. It was previously undertaken centrally by the Standards Board for England.
- 1.2 As a prelude to this, Thanet District Council's Standards Committee was one of a few councils which took part in the "Local Filter Pilot", in order to help prepare for the devolution of the complaints process to a local level.
- 1.3 The Monitoring Officer presented a paper to the Standards Committee in March 2008 outlining the changes that would occur from May 2008. The report was presented to the Constitutional Review Working Party on 10 April, setting out the Council's response to the proposed changes. Annual Council in May 2008 agreed to the establishment of a Standards Referrals and Hearings Sub-Committee and a Standards Appeals Sub-Committee and expanded the membership of the Standards Committee.
- 1.4 The Local Government Act 2000 extended the role of the monitoring officer to include managing the Council's "ethical framework"; including all processes relating to local Standards Committees.

2.0 The Current Situation

- 2.1 Not all members of the Standards Committee have attended training on the Code of Conduct which covers the Local Assessment of Complaints.
- 2.2 Minute R32, 9 September 2008, of the Standards Committee states:

The Committee requested the Monitoring Officer to draft a report to go to 9 October council with a recommendation that Standards Committee Members who have not completed training on the Code of Conduct should no longer sit on the Standards Committee. Any Member of the Committee who has not undertaken training by 1 May 2009 would be unable to continue as a Committee Member. This recommendation would apply to any new Member of the Committee and be written into the Constitution for ratification at the Annual Meeting of the Council in May 2009.

- 2.3 A paper was presented to the December 2008 meeting of Council, with the following recommendations from the Standards Committee:

- a. That Members who have not completed training on the Code of Conduct that includes coverage of the local assessment of complaints should not be able to serve on the Standards Committee after the Annual Council meeting on 21 May 2009.
- b. The Chairman of the Standards Committee has suggested that, as far as any new Member of the Committee is concerned, Council may wish to consider allowing a three month grace period, from the first appointment to the Committee, so that a Member can undertake relevant training. Council may wish to agree that whilst undergoing such training, a Member may serve on the Standards Committee but not any Sub-Committee of the Standards Committee.
- c. If at the end of that three month period, a Member of the Standards Committee has not attended relevant training, that Member will be withdrawn from membership of the Committee and a replacement member of the Committee agreed at the next meeting of Council.
- d. For the above purposes, Council may wish to agree that “relevant training” means at least two day’s training on the standards regime which must include the local assessment and hearing processes.
- e. If Council adopts the recommendations above, they would be written into the Constitution.

2.4 Council referred the matter to the Constitutional Review Working Party for further consideration.

3.0 Corporate Implications

3.1 Financial

3.1.1 Provision is made in the budget for Member training.

3.2 Legal

3.2.1 There is no legal requirement for training to be a precondition of serving on a Standards Committee. However it is recommended as best practice.

3.3 Corporate

3.3.1 The 2007/08 Internal Audit Review of the Members’ Code of Conduct, Disclosures of Interest and Standards Arrangements categorised Member training on the Code of Conduct as ‘Reasonable’ indicating that while most of the necessary controls of the system are in place, there is scope for improvement, resulting in a marginal level of risk to achievement of the system objectives.

3.4 Equity and Equalities

3.4.1 None

4.0 Recommendation(s)

The views of the Constitutional Review Working Party are sought.

5.0 Decision Making Process

5.1 Constitutional changes would usually proceed via the Constitutional Review Working Party to Standards Committee before being presented to Council. However, as the recommendations contained in section 2.3 emerge directly from the Standards Committee, it is suggested that the recommendations of the Working Party be reported directly to Council.

Contact Officer: Glenn Back, Deputy Monitoring Officer
Democratic Services and Scrutiny Manager
Reporting to: Miles Smith, Interim Monitoring Officer and Interim Head of Legal and
Democratic Services

Annex List

None

Background Papers

Title	Details of where to access copy
The 2007/08 Internal Audit Review of the Members Code of Conduct	The Monitoring Officer

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Miles Smith, Interim Head of Legal & Democratic Services

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STANDARDS COMMITTEE - REVIEW OF THE COMMITTEE'S ARRANGEMENTS FOR THE DISCHARGE OF THEIR RESPONSIBILITIES

To: **Constitutional Review Working Party – 23 February 2009
Standards Committee – 5 March 2009**

By: **Miles Smith, Interim Head of Legal & Democratic Services**

Classification: **Unrestricted**

Summary: **To review the Standards Committee's arrangements for determining allegations that members have failed to comply with the Council's Code of Conduct.**

For Decision

1.0 Introduction and Background

- 1.1 At their meeting on 22 April 2008, the Standards Committee approved initial arrangements for the discharge of their new responsibilities for local determination from 1 May 2008.
- 1.2 At that time it was anticipated that these arrangements would need to be reviewed in the light of experience, further advice from the Standards Board for England and the development of good practice.
- 1.3 At their meeting on 2 December 2008 the Standards Committee considered the issues set out in this report and deferred further consideration pending consideration by the Constitutional Working Party.

2.0 Committee and Sub-Committee Structure

- 2.1 In addition to its responsibility for the promotion and development of the local ethical framework and oversight of the local determination arrangements, the Standards Committee now has very specific responsibilities in accordance with the statutory framework for the assessment, review of assessment, consideration following investigation and hearing of complaints. To undertake these responsibilities it has to make some use of sub-committees.
- 2.2 As the Working Party will recall, the statutory process has four stages: -
 - Stage One. Assessment
(Is there a case to answer?)
 - Stage Two. Review of Assessment
(Appeal by complainant against Stage One decision to take no action)
 - Stage Three. Consideration of Investigation Report
(Accepts investigation finding of no failure, or refers for full hearing)
 - Stage Four. Hearing
(Where the investigation has found a failure to comply)

2.3 The Committee's current arrangements provide for these steps to be dealt with as follows:

Stage One. Standards Referral & Hearings Sub-Committee

Stage Two. Standards Appeals Sub-Committee

(Stage One and Two must be delegated to sub-committees as different members must deal with assessment and review)

Stage Three. Full Standards Committee

Stage Four. Standards Referral & Hearings Sub-Committee

2.4 These arrangements are generally sound and have worked well. A possible change that the Committee have considered would be for Stage Three (Consideration of Investigation Report) to be dealt with by the Standards Referral & Hearings Sub-Committee, and ideally with the same membership that has dealt with the matter at Stage One, rather than by the full Committee. If this approach were to be adopted, the Sub-Committee could be re-named the Assessment and Consideration Sub-Committee to reflect this changed role.

2.5 The possible benefits of amending the sub-committee arrangements in this respect may include: -

- The full Standards Committee would deal with matters of policy, procedure, the promotion of the local ethical framework and oversight of these arrangements generally, but would not become involved in the determination of individual complaint issues.
- Step Three does not require the involvement of the full Committee and is arguably the step in the process where the least discretion is exercised.
- The use of the same sub-committee and members at Stage Three as at Stage One would take advantage of the Sub-Committees knowledge and consideration from Stage One and involving them in the outcome of the investigation makes their continued role something of a learning opportunity.
- The use of a new sub-committee with new members at Stage Four allows members to come to the Hearing stage with wholly fresh minds and overcomes the difficulty, that it could be said to be unfair, that members may have known of the allegations and investigation for some months, but first hear the case for the subject member only very late in the day. This would overcome some concerns that have been expressed that the use of members who have already had some involvement at Stage Four may be open to challenge.

3.0 Corporate Implications

3.1 Financial

4.1.1 There are no direct financial implications at this point. However the continued development of the Standards Regime, and the number of complaints coming forward for consideration, need to be kept under review to ensure that financial and staffing resources are adequate.

3.2 Legal

3.2.1 The statutory background to these arrangements is set out in the Local Government Act, 2000 and the Standard Committee (England) Regulations, 2008. Both the Committee's current arrangements and these proposals would comply with the statutory requirements.

3.3 Corporate

4.3.1 These arrangements form part of the Council's overall framework for Corporate Governance. It is essential that the Council maintains robust arrangements to handle complaints locally and that these arrangements are understood by, and accessible to, all members of the community.

3.3 Equity and Equalities

4.4.1 The Council's governance agenda underpins the fundamental principles of equity and equality. The review and development of the Council's arrangements will increase accessibility and public confidence.

4.0 Recommendation

4.1 That the Constitutional Review Working Party consider and comment on the Standards Committee's current arrangements and these proposals prior to their further consideration by the Standards Committee.

5.0 Decision Making Process

5.1 Any change to the Standards Committee's sub-committee arrangements is a change to the Council's Constitution and will require the approval of the and Council.

Contact Officer: Miles Smith, Interim Head of Legal & Democratic Services

Background Papers

Arrangements for the Devolution of Responsibilities from the Standards Board for England. (Standards Committee, 6 March 2008) *not attached*

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ESTABLISHMENT OF A GENERAL PURPOSES COMMITTEE

To: Constitutional Review Working Party - 23 February 2009
Council - 26 February 2009

Main Portfolio Area: Corporate

By: Miles Smith
Interim Head of Legal & Democratic Services

Classification: Unrestricted

Summary: To consider a recommendation to establish a non-executive Council Committee with delegated responsibility to deal with any non-executive matter not delegated to another committee or reserved to the Council.

For Decision

1.0 Introduction

- 1.1 From time to time issues arise in relation to the terms and conditions of employment of members of the Council Management Team (CMT) which comprises the Chief Executive, the five directors and the Head of Legal and Democratic Services.
- 1.2. All such issues in relation to other staff are, as provided for in the Constitution, determined by the Chief Executive after consultation with the CMT. It is however inappropriate for issues relating to CMT members to be dealt with by this route and it is recommended that the Constitution should be amended to establish a committee to deal with such matters.

2.0 Constitutional Background

- 2.1 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 Schedule 1 Part A Item 37 the 'Power to appoint staff, and to determine the terms and conditions on which they hold office...' is a function 'not to be the responsibility of an authority's executive.' Accordingly, if in any particular circumstance it is inappropriate for such a matter to be dealt with by an officer it has to be delegated to a committee or sub-committee.
- 2.2 It would be inappropriate for matters of this type to be dealt with any of the Council's existing committees which are the Planning Committee, the Governance and Audit Committee and the Licensing Board.

3.0 General Purposes Committee

- 3.1 Accordingly it is recommended that the Council should establish a General Purposes Committee competent to deal with senior staffing issues of this type.
- 3.2 It is recommended that the Committee should be established as a general purposes committee rather than as one limited to senior staffing issues. This will

enable it to deal with other non-executive issues that arise from time to time and which and which do not justify consideration by Council. Precise terms of reference are set out in the Annex

- 3.3 The Committee would be convened as, and when, required and not included in the calendar of meetings. A membership of eight would be appropriate and it is recommended that Special Responsibility Allowances should be paid to the Chairman and Vice Chairman at the lower level of those currently paid (i.e. £1216 and £279 respectively).

4.0 Corporate Implications

4.1 Financial

- 4.1.1 The costs of the special responsibility allowances will be contained within existing budgets as will the administrative costs

4.2 Legal

- 4.2.1 The statutory and constitutional framework is considered above

4.3 Corporate

- 4.3.1 The establishment of this committee would ensure that there is clear documented delegation of all non-executive responsibilities.

4.4 Equity and Equalities

- 4.4.1 There are no equalities issues arising from this report.

5.0. Decisions required

- 5.1 Approval of the amendment to the Constitution set out in Annex 1.
 5.2 Approval to an amendment to the Scheme of Allowances as set out in Para 3.3 above.

6.0 Decision Making Process

- 6.1 Approval of, and changes to the Constitution are decisions reserved to Council.

Contact Officer:	Miles Smith, Interim Head of Legal & Democratic Services
Reporting to:	Richard Samuel, CEO

Annexes

	Title
Annex	Terms of Reference of the General Purposes Committee

Background Papers

Title	Details of where to access copy
None	

Amendments to

Constitution for Governance of Thanet District Council

Part 2 Articles of the Constitution

Article 8 – Regulatory and other Committees

8.01 Regulatory and other Committees

Add:

9. *General Purposes Committee – 8 Members*

Part 3 Responsibility for Functions

Section 2 Responsibility for Council Functions
(which cannot be the responsibility of the Cabinet)

Add:

Decision Making Body: General Purposes Committee
Membership: 8 Members of the authority

Functions:

To exercise any function of the Council, which by statute or regulation is a function not to be the responsibility of an authority's executive, and which is not delegated to another committee or reserved to the Council by statute, regulations or the Council's Constitution.

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THANET DISTRICT COUNCIL DECLARATION OF INTEREST FORM

Do I have a personal interest?

You have a **personal interest** in any business of your authority where it relates to or is likely to affect:

- a) An interest you must **register**.
- b) An interest that is not on your register, but where the well-being or financial position or you, members of your family (spouse; partner; parents; in laws; step/children; nieces and nephews), or people with whom you have a close association (friends; colleagues; business associates and social contacts that can be friendly and unfriendly) is likely to be affected by the business of your authority more than it would affect the majority of:
 - Inhabitants of the ward or electoral division affected by the decision (in the case of the authorities with electoral divisions or wards.)
 - Inhabitants of the authority's area (in all other cases)

These two categories of personal interests are explained in this section. If you declare a personal interest you can remain in the meeting, speak and vote on the matter, unless your personal interest is also a prejudicial interest.

Effect of having a personal interest in a matter

You must declare that you have a personal interest, **and the nature of that interest**, before the matter is discussed or as soon as it becomes apparent to you except in limited circumstances. Even if your interest is on the register of interests, you must declare it in the meetings where matters relating to that interest are discussed, unless an exemption applies.

When an exemption may be applied

An exemption applies where your interest arises solely from your Membership of, or position of control or management on:

1. Any other body to which you were appointed or nominated by the authority.
2. Any other body exercising functions of a public nature (e.g. another local authority)

Is my personal interest also a prejudicial interest?

Your personal interest will also be a **prejudicial interest** in a matter if all of the following conditions are met:

- a) The matter does not fall within one of the **exempt categories** of decisions
- b) The matter affects **your financial interests** or relates to a **licensing or regulatory matter**.
- c) A member of public, who knows the relevant facts, would **reasonably think your personal interest is so significant** that it is likely to prejudice your judgement of the public interest.

What action do I take if I have a prejudicial interest?

- a) If you have a **prejudicial interest** in a matter being discussed at a meeting, you must declare that you have a prejudicial interest as the nature of that interest becomes apparent to you.
- b) You should then leave the room, **unless members of the public are allowed to make representations, give evidence or answer questions about the matter**, by statutory right or otherwise. If that is case, you can also attend the meeting for that purpose.
- c) However, you must immediately leave the room once you have finished or when the meeting decides that you have finished (if that is earlier). You cannot remain in the public gallery to observe the vote on the matter.

d) In addition you must not seek to **improperly influence** a decision in which you have a prejudicial interest.

This rule is similar to your general obligation not to use your position as a Member improperly to your or someone else's advantage or disadvantage.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Democratic Services Manager well in advance of the meeting.

DECLARATION OF PERSONAL AND, PERSONAL AND PREJUDICIAL INTERESTS

MEETING

DATE..... **AGENDA ITEM**

IS YOUR INTEREST:

PERSONAL

PERSONAL AND PREJUDICIAL

NATURE OF INTEREST:

.....
.....
.....

NAME (PRINT):

SIGNATURE:

Please detach and hand this form to the Committee Clerk when you are asked to declare any interests.