



# **ALLITHWAITE AND CARTMEL PARISH COUNCIL**



## **A POLICY TO REGULATE THE SUPPLY AND PURCHASE OF GOODS AND SERVICES**

**APPROVED AND ADOPTED: 11<sup>th</sup> JULY 2024**

**TO BE REVIEWED: July 2026 and every two years thereafter.**

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**Legal Context**

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

**The purpose of this policy**

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

**Status of this policy**

This policy was adopted on the 11<sup>th</sup> of July 2024 and it will be monitored and reviewed every 2 years or in response to changes in legislation and best practice.

The Council has produced a Procurement Checklist that should be used in conjunction with this policy (Appendix 1).

## **1. Introduction**

- 1.1.** Every contract engaged by the Council or person acting on its behalf must comply with this Procurement Policy, the Council's Standing Orders and Financial Regulations.
- 1.2.** The purpose of this policy is to provide guidance on the factors that must be taken into account when purchasing goods and services.
- 1.3.** At the start of any procurement process it is essential that the authorised person leading the procurement project must liaise with the Clerk to clearly identify the need and fully assess the options for meeting those needs. See Procurement Checklist (Appendix 1).
- 1.4.** A Contract is an agreement between the Council and an individual or organisation for the individual or organisation to provide works, goods or services (including the engagement of consultants) for which the Council will provide consideration and or payment.
- 1.5.** The following contracts are exempt from the requirements of these rules:
  - 1.5.1.** Contracts relating solely to the disposal or acquisition of land
  - 1.5.2.** Employment contracts and temporary staff/locums
- 1.6.** Officers and Councillors and agents involved in the awarding of a Contract on behalf of the Council must ensure that best value is obtained and is not limited to only the financial consideration.
- 1.7.** Exceptions from any of the following provisions of these Contract Procurement Rules may be made under the direction of the Council where they are satisfied that the exception is justified in special circumstances. Every exception and reason shall be minuted and recorded.
- 1.8.** A councillor is not permitted to issue a verbal order, an official written order or make any contract or commitment on behalf of the Council.
- 1.9.** All quotes must be received by the Clerk.

## **2. Operational Contracts and Routine Services (pre-approval of contracts)**

**2.1.** Some contracts will be exempt from the Public Contract Regulations 2015 (s135). The Council will have access to a list of pre-approved contractors (preferred suppliers) which can be used to supply routine services or can be contacted to provide essential maintenance and servicing or emergency services.

**2.1.1.** Electricians

**2.1.2.** Service Engineers

**2.1.3.** General builders

**2.1.4.** Grass and Hedge Cutting contractors/Tree Surgeons.

**2.1.5.** Groundworkers

**2.1.6.** Playground repairs

**2.1.7.** Memorial masons

**2.1.8.** Plant/ Tool and Equipment Hirers

**2.1.9.** Plumbing and Heating Engineers

**2.1.10.** Vehicle and machinery service engineers

**2.1.11.** Office supplies and other consumables

**2.1.12.** Routine Maintenance

**2.1.13.** Cleaning and general housekeeping

## **3. Procurement Thresholds**

The value of the contract is for the duration of the contract if that is greater than one financial period. See Table 1. Quotation values exclude VAT.

Suppliers under Section 2.1 are exempt from Section 3 as they have been pre-approved and have already gone through the tender process.

**3.1.** Contracts/Purchases Below £5,000 Even though there is no obligation to seek competitive tenders for works and purchases below £5,000, every opportunity will be sought to find the best price and quality including delivery costs. Best practice recommends 2 quotations/prices.

**3.2.** Contracts Between £5,000 and £25,000 Written quotations must be sought from at least 3 suitable individuals or organisations.

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

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

**3.3.2.** Every written contract shall specify:

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

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

**3.3.4.** Contracts over the value of £25,000 shall comply with Articles 109 to 114 of the Public Contracts Regulations 2015 as explained in NALC Legal Topic Note 87 regarding the advertising of contracts.

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

**4.1.** An issue is identified.

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

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

**4.4.** Indicative quotes are sought and the budget is requested from the Finance Committee.

**4.5.** Once the budget is approved and specifications agreed at the Finance Committee it can be issued for quotes and tenders. Final quote or tender is approved by the Finance Committee.

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

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

**5.2.** The invitations shall in addition state that tenders must be addressed to the Clerk only at the council office address and no quotes or tenders can be submitted directly to Councillors.

**5.3.** Each tendering firm shall be supplied with a specifically marked envelope in which the tender is to be sealed and remain sealed until the prescribed date for opening tenders for the contract.

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

**5.5.** Tenders shall be only opened by the Clerk and in the presence of at least one councillor. Tenders shall be date stamped and signed on all pages containing price information.

**5.6.** Quotations and tenders may be received electronically provided they are kept in a separate secure electronic folder under the control of the Clerk which is not to be opened until the deadline has passed for receipt of tenders. They must not be forwarded onto any other officer or councillor.

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

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

**6.2.** The tender that scores the highest shall be accepted.

**6.3.** No negotiation on contracts whose value is more than £25,000 can take place without reference to the Chairman of the Council and Chairman of the Finance Committee. Any negotiations which would distort competition is expressly forbidden.

**6.4.** Any arithmetical errors found when checking tenders received will be pointed out to the tenderer who will be offered the opportunity to either

1. Standby the original submission
2. Correct the tender
3. Withdraw the tender

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

**7.1.** Every successful quotation/tender shall be accepted in writing, by the Clerk.

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

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

## **9. Contracts Record**

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

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

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

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

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

## **11. Contract Management**

**11.1.** For each contract, an assessment of project management requirements and provision must be made. Project management must be performed as appropriate to the work being undertaken and for projects over £25,000 should be performed by suitably qualified personnel (for example but not limited to PRINCE2, PMI, RIBA, RICS)



## **12. Contract Variations**

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

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

## **13. Bonds, Guarantees and Insurances**

**13.1.** For procurement projects where the spend is greater than £25,000 consideration must be given as part of the pre-qualification assessment and evaluation process as to whether a performance bond and/or parent company guarantee (if applicable) shall be required from the successful tenderer.

**13.2.** Consideration must be given as to the appropriate type (employee liability, public liability, professional indemnity, etc.) and appropriate level of insurance requirements for each contract.

## **14. Termination of contracts**

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

**TABLE 1****CONTRACT VALUE (NET OF VAT) AND LEVEL OF LEGAL REQUIREMENTS**

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

## **APPENDIX 1**

### **PROCUREMENT CHECKLIST**

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

It must be used in conjunction with Standing Orders, Financial Regulations, the Allithwaite and Cartmel's financial procedures and best practice.

Estimated contract value threshold and procedure to follow (see section 5 - Financial Regulations):

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

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

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

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

#### **Contracts above £25,000 (Procedures led by Legislation)**

Opportunities to be advertised on the Parish Website) - follow all points on this checklist.

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

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

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

- After Approval In Principle
- Refer to and FOLLOW Parish Council Standing Orders (Section 17 – Financial Controls and Procurement)
- Financial Regulations (Section 5 – Procurement: Section 14 – Payment under contracts for building or other construction work: Appendix 1 – Tender Process)
- Establish a plan and identify who is responsible to oversee
- How long will it take to complete the project?
- What is the Specification & Evaluation Criteria – what is critical / important
- How will we measure bids
- No hidden criteria and no changes

- Ask for References/Investigate other projects
- Estimated Value of Contract – What is legally required for this value?
- Advertise
- Consult other Parishes and Councils, if appropriate.
- How will the contract be managed – project manager/MPC Maintenance Committee/Clerk?
- Contracts Finder Portal – see [www.gov.uk/contracts-finder](http://www.gov.uk/contracts-finder).

## **ACTION: INVITATION TO TENDER**

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

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

## **AWARD CONTRACT**

### **CONTRACT MANAGEMENT**

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

## **REVIEW AND EVALUATE**