

Part 4F

Contract Procedure Rules

Contents

1. Introduction	2
2. Interpretation of the Rules	2
3. Basic principles.....	2
4. Scope of the Contract Procedure Rules.....	3
5. Responsibilities of Officers	3
6. Corporate Procurement Pipeline.....	6
7. Rules applying to all procurements	6
8. Authority to Commence (ATC) and minimum tendering requirements.....	7
9. Choice of Procedure	9
10. Collaborative Procurement.....	9
11. Procurement Process.....	10
12. Authority to Award Contract	12
13. Waivers	14
14. Contract performance management.....	14
15. Modification of Contracts	15
16. Contract Extensions	17
17. Termination	17
18. Novation of Existing Contracts.....	17
19. Document Retention	17
Appendix 1 – Definition of Terms	18

1. Introduction

- 1.1. The Council has created these Contract Procedure Rules as standing orders of the Council in accordance with its powers under s.135 of the Local Government Act 1972.
- 1.2. These rules ensure formal compliance with World Trade Organisation rules and the Procurement Act 2023.
- 1.3. Failure to comply with these rules may expose the Council to risk of legal challenge, potential financial and reputational damage and may lead to disciplinary action and legal proceedings against those Officers concerned.

2. Interpretation of the Rules

- 2.1. The Head of Procurement and Contract Management shall make all decisions relating to the interpretation of these rules.
- 2.2. Updated policies, templates or guidance issued by Procurement and Contracts relating which reflect emerging best practice and case law precedence shall be considered part of these rules.
- 2.3 Any mandated changes will be accompanied by a Hounslow Procurement Note (HPN) setting out the scope and implementation timeline of the change.

3. Basic principles

- 3.1. The procurement of supplies, services and works of any value must always:
 - Provide value for money;
 - Be undertaken in a fair, transparent, equal and non-discriminatory manner;
 - Not involve fraud or corruption;
 - Adhere to ethical and sustainable procurement principles;
 - Receive the appropriate approval to commence and award a contract;
 - Have a signed / sealed contract in place;
 - Have appropriate contract management performance measures in the contract;
 - Ensure the delivery of in scope Social Value requirements.

4. Scope of the Contract Procedure Rules

- 4.1. These rules apply to all procurements for the provision of supplies, services or works, except as stated in 4.3.
- 4.2. A contract is any verbal or written agreement where a party (the Supplier) agrees to provide supplies, services or works to the Council in return for a form of consideration, and where the Supplier may retain part of the payment as a profit. These contracts include but are not limited to:
- Framework agreements;
 - Purchase orders;
 - Leasing/ licensing/ Financing arrangements (e.g., Photocopiers);
 - Work concession contracts (refer to Procurement Team in all circumstances);
 - Quotations;
 - Service concession contracts.
- 4.3. The following contracts are exempt from these Rules:
- Contracts which make an individual a direct employee of the Council;
 - Contracts for the acquisition, transfer, or disposal of any interest in land or property (including leasehold interest);
 - Residential placements sought for an individual with a registered care provider of their choice;
 - Supported living services for an individual with a care provider of their choice under the National Health Service and Community Care Act 1990;
 - Social care packages under the personalisation agenda;
 - Individual school placements sought for a child with Special Educational Needs (SEN);
 - Services covered by the Provider Selection Regime as part of the Health and Care Act 2022

5. Responsibilities of Officers

- 5.1. **Directors are accountable for procurement activity undertaken by their directorate and that all procedures are compliant with these rules by ensuring:**
- 5.1.1 A Responsible Officer ("Officer") is in place for all procurements;
- 5.1.2 A Contract Manager is allocated at the outset of a procurement process, ensuring that the appointed Officer undertakes training and follows all relevant CM procedures.
- 5.1.3 Immediate action is taken in the event of a suspected fraud or corruption activity;
- 5.1.4 Immediate action is taken in the event of breach of these rules;
- 5.1.5 That Officers are aware of and comply with the sub-delegation protocols;
- 5.1.6 The procurement has been placed onto the Council's Corporate Procurement Pipeline prior to the commencement of a procurement above £150,000;
- 5.1.7 The complete approval has been received using the appropriate templates.

5.2 Officers are required to:

- 5.2.1 Attend formal and regular procurement evaluation training provided by the Procurement and Contract Management Team;
- 5.2.2 Ensure all evaluation panel members sign a conflict-of-interest declaration which is passed onto the Procurement and Contract Management Team;
- 5.2.3 Plan sufficient time and resource to procure the requirement;
- 5.2.4 Consult Procurement and Contract Management Team on all procurements more than £30,000, prior to publication;
- 5.2.5 Check the Contracts Register to establish whether there is an existing contract which may be used instead of engaging in a new procurement;
- 5.2.6 Declare any personal interest in the procurement by completing a Conflict-of-Interest Declaration in advance of a procurement. Corruption may result in criminal proceedings, as well as disciplinary action;
- 5.2.7 Be aware of necessary procurement timescales and notify Procurement and Contract Management Team, Legal, Finance, and any other relevant departments as soon as possible, prior to a deadline if their assistance will be required;
- 5.2.8 Ensure that a written contract or Council official purchase order is in place, signed / sealed, prior to the commencement of the supply of supplies, services or works;
- 5.2.9 Maintain an Audit trail and Risk Register;
- 5.2.10 Keep records of dealings with Contractors and all parties assisting the Council in procuring the supplies, services, or works. Records must not be destroyed prior to contract award and are to be made available to defend any legal challenges;
- 5.2.11 Ensure that Members, Corporate Leadership Team (CLT), Procurement and Contract Management Team, the Monitoring Officer and Chief Financial Officer are consulted as necessary on issues arising as part of a procurement exercise;
- 5.2.12 Record all contracts in the Council's Contracts Register;
- 5.2.13 Embed Social Value in all contracts in line with clause 11.8 of these rules;
- 5.2.14 Report confidentially any Officer, Member, advisor or consultant who they witness or suspect of misconduct or breach of procedures, following the process shown in the Council's whistle-blowing policy;
- 5.2.15 Where applicable, seek the approval of the relevant programme board;
- 5.2.16 Use the Council's e-tendering system in accordance with rules, 8.2;
- 5.2.17 Report any suspected or known fraud or corruption activity immediately;
- 5.2.18 Consult the Procurement and Contract Management Team immediately when a potential or legal challenge has been made or received in writing to a procurement activity;
- 5.2.19 Consult Leasehold Management Team if the procurement activity impacts on Leaseholders (Service Charge or Section 20);
- 5.2.20 Report all suspected Modern Slavery concerns;
- 5.2.21 Ensure a Data Protection Impact Assessment (DPIA) is assessed prior to the commencement of all procurement activity.
- 5.2.22 Ensure the Real Living Wage is paid by the supplier to staff where this is applicable.

5.3 Responsibilities for procurement undertaken by Trading Companies

- 5.3.1 Where procurement is being conducted by a Trading Company of London Borough of Hounslow
- 5.3.2 Instead of 5.15; the Procurement Team shall be notified of all known procurement activity prior within at the start of a financial year.
- 5.3.3 Instead of 5.2.11; Ensure that Shareholders, Board, Procurement, and Chief Financial Officer are consulted as necessary on issues arising as part of a procurement exercise.

5.4 Consultants advising on procurements

- 5.4.1 Where a consultant or advisor is engaged to provide support to a procurement process, the Responsible Officer must:
 - 5.4.1 Obtain a signed Conflict of Interest Declaration from the Consultant / Advisor prior to commencement of the procurement;
 - 5.4.2 Create a schedule of requirements that sets out the consultant or advisor's role in the procurement exercise;
 - 5.4.3 Minimise, as much as possible, the risk that any consultant or advisor informing on procurement does not use information obtained during employment with the Council, to gain any commercial or pecuniary gain;
 - 5.4.4 Ensure that the relevant level of insurance has been obtained by the consultant or advisor;
 - 5.4.5 Consultants or advisors must not be designated as the Responsible Officer for the procurement;
 - 5.4.6 Immediately, upon becoming aware that a consultant or advisor intends to, or has, bid for a tender involving the Council, approach the Head of Procurement and Contracts Team for advice before proceeding further;
 - 5.4.7 Prohibit the consultant or advisor from communicating directly with bidders, unless authorised by the Procurement and Contracts Management Team;
 - 5.4.8 Permit the consultant or advisor to act solely in an advisory capacity to the Council's tender evaluation panel and permit them to score the submissions where specific expertise is required;
 - 5.4.9 Undertake due diligence where an Officer recommendation has been received to employ a consultant directly;
 - 5.4.10 Consult the Procurement and Contracts Management Team when in doubt of the rules applying to the employment of consultants;
 - 5.4.11 To consider whether IR35 is applicable or not in the commissioning of a consultant or advisor.

6. Corporate Procurement Pipeline

- 6.1 All procurements where the anticipated total contract value is more than £150,000 must be reported in the Corporate Procurement Pipeline.
- 6.2 Projects must be added to the Corporate Procurement Pipeline with a minimum of 90 days' notice prior to publication of the Planned Procurement Notice, unless a waiver is sought for urgent matters.
- 6.3 To comply with section 93 of the Procurement Act 2023 entries to the Corporate Procurement Pipeline must cover any procurement to be published within 18 months of the start of the financial year to which the plan applies.
- 6.4 This section 6 does not apply to Trading Companies of the Council.

7. Rules Applying to all Procurements

Pre-tender Market Research and Consultation

7.1 The Responsible Officer:

- 7.1.1 May consult potential tenderers prior to the issue of the Invitation to Tender or quotation in general terms about the nature, level and standard of the requirement and other relevant matters, provided this does not prejudice any potential tenderer or tender;
- 7.1.2 Must not seek or accept technical advice on the preparation of an Invitation to Tender or Quotation from anyone who may have a commercial interest in it, this may prejudice the equal treatment of all potential tenderers or distort competition;
- 7.1.3 Must notarise the meeting/ event, share the information presented as and when requested, unless the information is commercially sensitive.
- 7.1.4 Must follow the requirements of clause 16 and 17 of the Procurement Act 2023 with regards to Preliminary Market Engagement.

Pre-Procurement

- 7.2 Prior to the publication of any procurement, the Responsible Officer must:
 - 7.2.1 Make a genuine estimate of the whole life cost of the supplies, services or works being supplied during the entire term (including any extension period) of the contract. Contracts must not be artificially divided into two or more contracts to avoid the Public Contract Regulations (2015)/ Procurement Act 2023 or the Councils Contract Procedure Rules;
 - 7.2.2 Where it is not possible to estimate the value of a contract the procurement is to be treated as having estimated the value of the contract as an amount of more than the threshold amount for the type of contract;
 - 7.2.3 Seek financial approval to ensure the budget for the total estimated value identified above will be available for the contract prior to commencing a procurement.;
 - 7.2.4 Apply the requirements of Public Services (Social Value) Act 2012 for all procurements in conjunction with 11.8 of these rules.

8. Authority to Commence (ATC) and minimum tendering requirements

8.1 Commencement to procure any supplies, services or works requires appropriate authority before in accordance with the table below (Table 1).

	Contract Value	Minimum Tendering Requirement	Authority to Commence	Method of Publication
8.1.1	Up to £30,000	Minimum of one written quotation, which represents value for money, must be obtained. Where possible a quotation from a local supplier should be sought.	n/a	n/a
8.1.2	£30,000 - £150,000	Directly awarded to a local (within LBH boundaries) supplier.	Authorisation by Director via COD Or Authorisation by Managing Director for Procurements undertaken by a trading company	Pro Contract
		Seek a minimum of five written quotations or use of a compliant framework, which represents value for money, must be sought. Where possible, this should include 2 quotations from a local supplier.		
8.1.3	£150,000 – Key Decision	Full competitive tendering process or a compliant framework must be used.	Authorisation by CLT Member via COD; Or Authorisation by Managing Director for Procurements undertaken by a trading company	Pro Contract, FTS (Find a Tender Service) and Contracts Finder
8.1.4	Key Decision Threshold +		Cabinet Approval	

8.2 All quotations and tenders over £30,000 must be published through the Council's stipulated e-tendering system.

- 8.3 To support local (Hounslow) businesses, a direct contract award can be made for up to £150,000. The responsible Officer making the direct award must ensure;
- 8.3.1 The direct award is the most appropriate route to apply and can be justified;
 - 8.3.2 The local business is a legal entity,
 - 8.3.3 A credit check is undertaken;
 - 8.3.4 The local business is registered as a Supplier to the Council;
 - 8.3.5 No advance payment is made;
 - 8.3.6 The direct award represents Value for Money;
 - 8.3.7 The Head of Procurement and Contract Management has approved the direct award.
- 8.4 Where a direct award is to be made in conjunction with 8.1.1 or 8.3, the length of the contract shall be limited to 12 months and must not be used to avoid a competitive process.
- 8.5 Contracts awarded for ESFA Funded Apprenticeships are not subject to the tendering requirements in 8.1, where they are below the threshold in 8.1.3.
- 8.6 Officers must obtain legal advice on the terms and conditions of all contracts if they are likely to expose the Council to reputational or financial risk, even if the value of the contract is less than the threshold stipulated in 8.7.
- 8.7 Legal advice must be sought on the terms and conditions of all contracts in excess of £150,000.
- 8.8 Financial checks are required on potential suppliers for £30,000 and above. Where concerns are held on a supplier's financial standing, for procurements under £30,000, the Responsible Officer must request Procurement and Contract Management Team to undertake these checks.
- 8.9 Contract to be awarded that will incur charges to a leaseholder, may only be awarded following the conclusion of a competitive process, except in the following circumstances:
- 8.9.1 Where a waiver is approved under clause 12 of these rules.
 - 8.9.2 Where leaseholder charges will be waived following approval by the Executive Director of Regeneration and Housing.
- 8.10 Clause 8.9.1. may only be utilised in conjunction with clause 8.9.2.

9. Choice of Procedure

- 9.1 The route to market for all tenders must be determined in conjunction with the Procurement and Contract Management Team and consider the following elements:
 - 9.1.1 Whether the services should be in-sourced or delivered by a Council trading company;
 - 9.1.2 Whether there are collaboration, Shared Services or inter-authority opportunities;
 - 9.1.3 Stimulation of local SME (small or medium enterprise) supplier market;
 - 9.1.4 Direct award to a new local entrant SME working for the Council;
 - 9.1.5 Whole life costs and affordability of the contract;
 - 9.1.6 The size of the market;
 - 9.1.7 The complexity of the requirements;
 - 9.1.8 The value of the contract.
- 9.2 The decision to utilise frameworks as a route to market must be approved by a Procurement Manager prior to engagement with the framework provider.
- 9.3 The rebate payable to a framework provider must be recorded on the Authority to Commence.

10. Collaborative Procurement

- 10.1 Each collaborative procurement will have a lead or Contracting Authority. This is the body that will be responsible for letting and awarding the contract. The procurement process will usually be undertaken in accordance with that body's contracting rules.
- 10.2 Each participating Councils role and responsibilities in any collaborative procurement must be clearly outlined and understood at the outset.
- 10.3 The responsibilities of Council Officers will vary depending on whether:
 - 10.3.1 The Council is designated as the Contracting Authority;
 - 10.3.2 Another body is the Contracting Authority;
 - 10.3.3 The nature of the procurement activity and any democratic responsibilities.
- 10.4 Where the Council is not the Contracting Authority, departments must obtain authority to participate prior to placing a notice advertising the procurement.
- 10.5 Where the Council is the Contracting Authority for the procurement:
 - 10.5.1 Authorisation to commence the procurement process must be obtained and undertaken in accordance with these rules;
 - 10.5.2 A member of the Procurement team must lead the procurement element of the project;
 - 10.5.3 There must be legal representation on the project team;
 - 10.5.4 There must be finance representation on the project team;
 - 10.5.5 Advice must be sought from the Risk & Insurance Team regarding the level of insurance required, notwithstanding the other contractual indemnity clauses;

- 10.5.6 The procurement timetable should allow for the participating authorities to obtain the necessary approvals in accordance with their constitution;
- 10.5.7 Authorisation to award the contract must be obtained in accordance with these rules.

11. Procurement Process

Specifications

- 11.1 Supplies, services or works Specifications must set out a clear, and comprehensive description of the Council's requirements. The specification should include the defined and measurable outputs/ outcomes expected.
- 11.2 Named products or manufacturers must not be specified for procurements above the FTS threshold.
- 11.3 Specifications must contain *measurable* objectives, outputs and outcomes to enable the Council to ascertain whether requirements are being met. This should include Key Performance Indicators or service levels to measure supplier/contract performance.
- 11.4 Specifications must incorporate the relevant requirements in respect of:
- 11.4.1 Professional or industry accreditations;
 - 11.4.2 Responsibility for the management, safeguarding and ownership of data to be held and/or used as part of the contract, in accordance with General Data Protection Rules (2016) GDPR;
 - 11.4.3 Consultation with service users;
 - 11.4.4 Reporting requirements on key performance metrics, including reporting frequency, raw data collection/analysis, complaints, escalations and the content and frequency of contract management meetings;
 - 11.4.5 Equalities impact analysis;
 - 11.4.6 Sustainable procurement and social value;
- 11.5 Ethical procurement principles must be followed throughout the procurement process and be extended to contract monitoring.
- 11.6 Quotations or Invitations to Tender should not be started until the specification has been finalised and ready to publish.
- 11.6.1 For concession contracts and where appropriate, a supplier's business plan may be used as the specification.

Responsible Procurement

- 11.7 Social Value and Environmental evaluation criteria must be included in tenders that meet both of the following:
- 11.7.1 The total value is over £30,000;
 - 11.7.2 The initial term of the contract is over 6 months.
- 11.8 Where the criteria in 11.7 apply, a minimum weighting of 10% are required. Where the Social Value is expressed in the specification, this can be applied without any weighting.

- 11.9 The Social Value and Environmental criteria will be set in conjunction with the Procurement and Contract Management Team based on the requirements of strategic organisational priorities.
- 11.10 Contracts with a potential expiry beyond 2030 must include criteria assessing bidders plan to reach Net Zero.

Award Methodology and Evaluation Criteria

- 11.11 Evaluation criteria to be applied for all tenders above £30,000 must be approved by a member of the Procurement and Contract Management Team prior to publication.
- 11.12 Where the direct award of a framework is approved, the Social Value and Environmental criteria to be delivered as a contract KPI must be agreed prior to the contract award.
- 11.13 The award methodology must be the most advantageous tender (MAT) based on criteria set out in the Invitation to Tender or Request for Quotation.
- 11.14 Bidders must meet the minimum standard set out in the selection criteria, where included in the evaluation process.
- 11.15 Abnormally low bids must be investigated by the Procurement and Contract Management and only accepted where there is justification to do so.
- 11.16 Evaluation training must be undertaken by all participants involved in the evaluation process prior to the publication of a tender opportunity. If training has not been undertaken, the Officer will not be able to participate in the tender evaluation.
- 11.17 Conflicts of Interest (COI) must be declared in advance by those conducting the procurement and forming part of the evaluation panel. Where a conflict arises once the bidders on a procurement are known, the COI declaration must be updated.
- 11.18 Evaluators must maintain full written notes to create an audit of the evaluation process. Notes must not be disposed for 6 months after award of contract.

Advertising

- 11.19 Procurements of £30,000 or above, must be published on the Council's stipulated e-tendering system and on Contracts Finder, where required.
- 11.20 Where the requirement is above the relevant FTS threshold, a contract notice must first be placed in FTS in the prescribed form. Publication of a notice must be approved and issued by the Procurement and Contracts Management Team.
- 11.21 All documents relating to an above FTS threshold procurement must be made available at the first point of publication of the contract notice.

Submission of Tenders

- 11.22 Tenders must comply and be submitted in accordance with the rules and instructions set out in the Invitation to Tender.
- 11.23 Throughout a procurement process all information must remain confidential until a contract has been awarded. Any information or document stipulated as sensitive, must continue to be treated as such, after award.
- 11.24 Tenders must be submitted electronically using the Councils e-tendering system. Any deviation from using the e-tendering system must be approved by the Procurement and Contracts Management Team.
- 11.25 Tenders received after the specified deadline may only be considered if the tenderer provides evidence that submission was delayed due to circumstances outside of their control. Acceptance of such tenders is subject to the approval of the Procurement and Contract Management Team.

Amending Quotations, Tenders or Bids

- 11.26 If a potential supplier identifies an error in their tender, they may submit a correction, before the procurement deadline.
- 11.27 A supplier's response is their final offer to the Council and no amendments can be made after the procurement deadline.
- 11.28 Genuine arithmetical error(s) may be clarified with tenderers and alterations may be acceptable at the discretion of the Head of Procurement and Contract Management Team or Senior Procurement Manager.
- 11.29 Correction of any other tender error(s) can only be made at the discretion of the Head of Procurement and Contract Management Team or Senior Procurement Manager.
- 11.30 Abnormally low bids must be investigated prior to acceptance of a tender and referred to external agencies as appropriate.

12. Authority to Award Contract

- 12.1 An Authority to Award must be completed for all procurement procedures. Authorisation must follow those shown in the table below (Table 2). Finance and Procurement approval is also required for contracts over £30,000.
- 12.2 All Authorities to Award must be copied to the Procurement and Contract Management Team upon completion.
- 12.3 The Authority to Award, when 11.7 of these rules apply must identify the Social Value and Environmental benefits to be delivered.

- 12.4 The names of local suppliers invited to quote, or tender must be captured in the Authority to Award.
- 12.5 Where section 20 of the Landlord and Tenant Act 1985 (as amended by S151 of the Commonhold and Leasehold Reform Act 2002) applies, at least 2 tender submissions must be received before proceeding to award.

Contract Value	Authorisation by	Transparency Requirement
£0 - £30,000	Authorisation by Head of Service or above via Authority to Award form	ProRegister
£30,000 - £150,000	Authorisation by Head of Service or above via Authority to Award form	Pro Register and Contracts finder
£150,000 – Key Decision	Authorisation by Director via COD Or Authorisation by Managing Director for Procurements undertaken by a trading company	Pro Contract, Contracts Finder and FTS
Key Decision Threshold +	Authorisation by Cabinet except where delegated to CLT Member via COD in the Authority to commence. Or Authorisation by Managing Director for Procurements undertaken by a trading company	
Where the value of a contract award has increased by more than 10% compared to the value approved at the Authority to Commence stage a COD must be used to approve the award.		

Informing Suppliers

- 12.6 Once Authority to Award is approved the successful supplier must be informed in writing using the standard letter templates found on the Procurement intranet page.
- 12.7 After a contract is awarded, unsuccessful bidders should be notified of the decision prior any standstill period, including feedback.
- 12.8 If supplier requests feedback, the Responsible Officer must contact Procurement to seek advice on the protocol to be used where the procurement is over £30,000.

Execution of Contracts

- 12.9 Council contracts with a value over £150,000, in expenditure or income, must be signed and sealed.
- 12.10 For trading company contracts, all contracts with a value over £150,000, in expenditure or income, must be signed and sealed by two directors, director and company secretary or one director with a witness.
- 12.11 Cover notes for contracts over the threshold stated in 12.10 must be completed and signed by the solicitor that has compiled the contract prior to signing and sealing of the contract.
- 12.12 Contracts below the threshold in 12.10 can be signed by the relevant Officer within the scheme of delegation.

13. Waivers

- 13.1 Waivers are an exemption from the Contract Procedure Rules and are used in exceptional circumstances only. Waivers will be declined where their use cannot be completely justified, lacks transparency or does not represent value for money.
- 13.2 Contracts at or above the published FTS Procurement thresholds which come under the Public Contracts Regulations 2015 / Procurement Act 2023 cannot be waived.
- 13.3 A Waiver must be applied for by convening a extra-ordinary meeting with the Head of Procurement and Contract Management Team and the Executive Director of Finance and Resources. Members decision is final.
- 13.4 A lack of time to complete a procurement caused by inadequate forward planning will not be accepted as a cogent reason to seek a Waiver.
- 13.5 A retrospective Waiver may be granted in the following exceptional circumstances:
- 13.5.1 An unforeseen emergency involving danger to life or health or serious damage to property that requires supplies or services to be obtained more urgently than would be possible if the tender or quotation procedure were followed;
- 13.5.2 Where contracts need to be entered into urgently to discharge a court stipulated action.
- 13.6 All Waiver exemptions must be applied for and approved before engagement of works, services or supplies, except where 12.5 applies.

14. Contract Performance Management

- 14.1 Every awarded contract must have an identified Contract Manager, this individual should be identified at the outset of any procurement activity
- 14.1.1 Ensuring that the supplier maintains the insurance policies required by the contract;
- 14.1.2 Keeping a record of all valuations, payments, claims, monitoring, changes and certificates under the contract;

- 14.1.3 Managing the transition between the ending of one contract and the mobilisation of another;
 - 14.1.4 Ensuring the Contractor is compliant with Council policies and any changes in legislation, and seeking advice from relevant Council departments.
 - 14.1.5 Ensuring that KPI's are met, recorded and reported, holding regular supplier management meetings including relevant stakeholders;/site visits, where required and compliance against section 71 of the Procurement Act 2023
 - 14.1.6 Ensuring the outputs/ outcomes specified are delivered to the standards identified in the contract;
 - 14.1.7 Delivering the Social Value commitments contained within a contract;
 - 14.1.8 Adhering to contract management best practice
 - 14.1.9 Being responsible to maintain contract management skills by attending relevant training courses as identified by Procurement and Contract Management Team;
 - 14.1.10 Ensuring the information held on Real Living Wage, Social Value, Performance are fed back to Procurement and Contract Management Team on at least a quarterly basis.
- 14.2 Contract managers of Gold rated contracts, must institute a contract management plan which is agreed with the supplier, at the contract mobilisation stage.
- 14.2.1 The contract management plan should include, but not be limited to;
 - 14.2.2 Definition of the contract management team, including roles and responsibilities;
 - 14.2.3 contract risk management approach, including set up of risk and issue logs;
 - 14.2.4 contingency options;
 - 14.2.5 the plan for exit or transition;
 - 14.2.6 plan for re-procurement or contract extension if applicable where applicable
 - 14.2.7 the processes and tools required to support contract administration, monitor delivery and manage performance.
- 14.3 The Contract Manager must consult with the Procurement Contract Management Team and Legal Services:
- 14.3.1 Prior to any supplier discussions regarding amendments to the scope of a contract, changes which affect its value, or terms and conditions ;
 - 14.3.2 In the event of a claim for payment that is not clearly defined within the terms and conditions of contract;
 - 14.3.3 Suppliers must be informed prior to making any deduction from payments due.

15. **Modification of Contracts**

- 15.1 The Contract Manager may agree with a Contractor to carry out additional works or services that were not included in the original contract but which, through change control or unforeseen circumstances, have become necessary.
- 15.2 All modifications to contracts must be carried out within the scope of section 74 and Schedule 8 of the Procurement Act 2023 and recorded within the Council's contract management system.
- 15.3 Modification to contracts above the FTS threshold must also follow regulation 75, 76 and 77 of the Procurement Act 2023.

15.4 Prior to the contract modification:

15.4.1 A budget must be allocated for that expenditure;

15.4.2 Value for money must be demonstrated;

15.4.3 Legal advice must be sought where required;

15.5 Modifications to contracts must be authorised following table 3 below:

Contract Value	Authorisation by	Transparency Requirement
Approving Below Threshold* Contract Modifications up to £30,000	Authorisation by Head of Service via Authority to Vary form	None
Approving Below Threshold* Contract Modifications above £30,000	Authorisation by Director via COD	None
Approving Contract Modifications; Above Threshold** but less than the Key Decision Threshold	Authorisation by COD via CLT Member	Standstill and Contract Change Notice
Approving Contract Modifications; Above Threshold** above the Key Decision Threshold	Authorisation via Cabinet Decision	Standstill and Contract Change Notice
*As defined by Regulation 74 (4) of the Procurement Act 2023		
** As defined by Regulation 3 of the Procurement Act 2023		

15.6 Variations which do not fall under 14.1 – 14.5 must be authorised by the Head of Finance, Head of Procurement and Contract management Team, and relevant Service Director using the template found on the Procurement intranet page.

15.7 A modification is a “below-threshold modification” if;—

15.7.1 the modification would not itself increase or decrease the estimated value of the contract by more than—

(i) in the case of a contract for goods or services, **10 per cent**;

(ii) in the case of a contract for works, **15 per cent**,

15.7.2 the aggregated value of below-threshold modifications would be less than the threshold amount for the type of contract,

15.7.3 the modification would not materially change the scope of the contract.

15.8 All variations must be formally agreed with the supplier and appended to the original contract and recorded on the Council’s contract management system.

16. Contract Extensions

- 16.1 A contract may be extended before its original expiry date where the extension is in accordance with its original terms, and must be supported by an Authority to Extend (ATE) form, found on the Procurement Intranet page.
 - 16.1.1 Where the contract terms do not provide expressly for an extension the term of the contract may not be changed by more than 10 percent of the term provided for at award.
 - 16.1.2 All extensions must be approved using the appropriate template found on the Procurement intranet page.

17. Termination

- 17.1 Where a contract needs to be terminated prematurely for poor performance or any other reason, the Procurement and Contracts Management Team must be consulted at the earliest opportunity. The final decision will reflect the financial and legal implications arising from the termination.

18. Novation of Existing Contracts

- 18.1 The novation of a contract to a new entity requires the prior written permission of the Head of Procurement and Contract Management Team in consultation with the Director of Law and Governance.

19. Document Retention

- 19.1 All contract records must be retained and retrievable for six years after contract expiry and under any seal for twelve years from the expiry of the contract. Professional indemnity insurance must be maintained by the supplier over the limitation period.
- 19.2 Where the contract is externally funded any contingent liabilities and/ or grant conditions must be considered by the length of the retention period.
- 19.3 Unsuccessful tenders must be electronically retained for one year from the award of contract.
- 19.4 Contractual documents refers to;
 - 19.4.1 Framework agreements, call-off contracts, quotes, maps, all contractual schedules
 - 19.4.2 Meeting minutes, agendas and related records
 - 19.4.3 Payment information, include requisitions, PO's, invoices and receipts

Appendix 1 – Definition of Terms

Advisor	Means a consultant or other third-party specialist who is appointed to provide the Council with technical or other specialist service-related advice as part of a procurement process.
Climate Emergency	The declaration made by the Council to prioritise tackling the issues around climate change through actions taken by the authority.
Commissioning	Means specifying a need or outcome.
Concession	A contract giving an economic operator the rights to operate a specific business within the Council's jurisdiction.
Contract	Verbal or written agreement to provide goods, services or works in exchange for a consideration (this is usually a payment).
Contract Management	Means managing a contract to achieve a need or outcome.
Constitution	Means the constitution of the Council.
CPR	Means Contract Procedure Rules.
COD	Means Chief Officer Decision
Contract Value	Means a genuine estimate of the value all payments to be made, or potentially to be made to the supplier, for the whole of the contract period including any extension period
Contracting Authority	Means public body that is subject to the procurement Regulations .
Council Procurement Documentation	Means that documentation as specified from time to time by the Assistant Director of Procurement and Transactional Services and/or the Assistant Director Corporate Governance as that to be used to document the procurement process undertaken by the Council
e-tendering	Means the process of carrying out a tender process online, including the submission of bids
Framework Agreement	Means an agreement between one or more contracting authorities and one or more suppliers which fixes the terms and conditions under which the supplier will enter into one or more specific contracts with a contracting authority under the term of the framework agreement, which must be no longer than four years.
FTS	Find a Tender service is the UK e-notification service where notices for high value.
FTS Threshold	The thresholds (inc. VAT) referred to in this document are: <ul style="list-style-type: none"> - For Supply, Services and Design Contests; £214,904 - For Works; £5,372,609 - For Social and Other Specific Services; £663,540
GDPR General Data Protection Rules (2016)	A legal framework that sets guidelines for the collection and processing of personal information from individuals who live in the European Union (EU).
Hounslow Procurement Note (HPN)	As case law and best practice emerge the Procurement and Contracts team will issue HPNs to ensure the Council operates to the highest standards. This guidance should be used jointly with these rules and considered part of them.

Key Decisions Threshold	Means the financial threshold, as amended from time to time, set for decisions that need to be made by the Cabinet as the expenditure is regarded as significant and therefore needs to be included on the Council's Forward Plan.
Procurement	Means the process for satisfying a need or outcome.
Public Contracts Regulations	Means the UK legislation implementing the Public Sector Directive 2004/18/EC setting out procedures for the award of contracts for goods, services and works.
Purchase Order	Means the Council's official order form for the purchase of works, goods or services.
ProContract	Means the e-tendering system used by the Council.
Quotation	Means a description as to how a supplier intends to meet the requirements set out in the Council's Specification accompanied by a schedule of costs of the works, goods or services to be provided to meet the Council's Specification
Reserved Decisions	Means that Authority to Commence the procurement process and Authority to Award a contract must be obtained from the Cabinet.
Responsible Officer	Means an Officer with responsibility for conducting processes for the purchase of works, goods or services on behalf of the Council. This shall include Assistant Directors, Heads of Service, service managers and other Officers who are exercising the necessary delegated powers on behalf of the relevant Director.
Social Value	Means wider economic, social and environmental benefits that can be obtained through a contractual arrangement
Specification	Means a written statement of the Council's requirements for works, goods and/or services.
Value for money	The process under which organisation's procurements, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, value and avoidance of error and other waste, judged for the Exchequer as a whole. Source: Managing Public Money
Whole Life Costs	The total cost of ownership over the life of an asset. Costs should include Planning, design, acquisition, operations and maintenance, renewal, depreciation and cost of disposals. Total cost of ownership can typically be categorised into four categories. Procurement costs: The amount paid to the supplier for the product, service or capital equipment. Acquisition costs: The cost for delivering the product, service or capital equipment to the customer's location. Usage costs: The cost for converting the transaction into the finished product and through its useable life. For example, inventory, conversion, scrap, warranting and installation. End of life costs: The costs for when a product, service of capital equipment reaches the end of its usable life, such as disposal, clean up and project termination costs. Source: CIPS