

**LEICESTERSHIRE POLICE AUTHORITY**

**CONTRACT STANDING ORDERS**

**APPROVED BY FINANCE AND GENERAL  
PURPOSES COMMITTEE**

**ON 29 JANUARY 2007**

## LEICESTERSHIRE POLICE AUTHORITY

### CONTRACT STANDING ORDERS

#### PREFACE

##### **A. Introduction**

*This preface is intended to assist persons who are either regularly purchasing goods or services on behalf of the Constabulary or the Police Authority, or might more occasionally wish to purchase goods or services of substantial value.*

##### **B. Context**

*Contract Standing Orders are quite simply rules to ensure that the Constabulary or Authority gets good value for money. It therefore sets out a procedure that encourages a fraud free environment for making the relevant purchase. The rules are only rules and if a different method of achieving the end is justified then this can be done, but will need express permission of the Police Authority (or possibly the Chief Constable - if within his delegated powers). In most situations, however, you will find the Contract Standing Orders will be sufficiently broad to cater for your particular purchase.*

##### **C. Which Route To Choose?**

*Different procedures apply according to the value of the proposed transactions. These can be summarised as follows. Note that the value of a contract includes all the estimated costs involved. Hence a contract providing for payments of £4k per annum for 3 years is a contract with a value of £12k.*

#### Purchase of goods or services under the value of £A

- *The official order form approved by the Finance Director should normally be used (see SO10.2)*
- *Although you are not obliged to obtain 3 quotations, you must ensure the Authority obtains good value for money*
- *Such agreements to purchase the goods or services should normally be in writing*
- *It is unlikely that contracts to this value would have any implication regarding EC Procurement Directives*
- *You should make sure that the purchase is within the powers delegated to you by the Chief Constable.*

#### Transaction valued at more than £A but less than £B

- ◆ *Such contracts must be in writing (see SO 9.1)*
- ◆ *If you do not have a proforma that has been approved by a Chief Officer seek advice from your departmental legal source (see SO 9.4)*
- ◆ *The contract must also include various provisions – see SO 10.2 to 10.7*
- ◆ *It is unlikely that a contract to this value would have any EC Procurement Directive implications but towards the top of the scale it may be worth checking this specific point*
- ◆ *Ensure that you have authority of the Chief Constable to conclude the transaction in relation to this matter*
- ◆ *Normally transactions that fall within these values require three prior written quotations from suitable contractors*

- ◆ If the contract requires any sub-contracting then there are formalities by which you must abide – see SO 8.1.

#### Transactions over the value of £B

- You must consult with the Force Procurement Manager about the tendering process.
- These transactions may well have EC Procurement Directive implications – see the Annex to the Standing Orders and seek advice from your departmental legal source
- The provisions of EC Procurement Directives are mandatory. This includes ensuring that an advert is placed in the Official Journal of the European Union. This is designed to ensure that firms from across the European Union can, if they wish, bid for work freely. If you do advertise in the Journal, make sure you keep a copy of that advert on the relevant file
- The contract for this transaction must be in the name of and sealed by the Police Authority and contain the conditions mentioned in SO 10
- Check that you know the budget amount for this particular transaction. The budget amount will have been fixed either specifically by the Police Authority or one of its committees, or by the Chief Constable using his delegated powers
- Normally transactions of this value must follow a tendering process. This can either be by inviting tenders by open advert or from at least 3 proposed contractors (see SO5) or by inviting tenders from an approved list of contractors who have previously indicated they would be interested in tendering for certain types of work (see SO 4)). Remember, if it is inappropriate to undertake the tendering of the transaction through any of these three options, you will need the express authority of the Police Authority (or the Chief Constable, provided he has powers to vary)
- The tendering process is quite formal and you should note in particular SO 6 and SO 7.
- These processes are designed to reduce the likelihood of fraud, and ensure the Constabulary or Authority obtains the best deal possible.

#### **D. Collaboration**

Where a contract is let by one of the East Midlands forces or authorities on behalf of one or more of the constituent authorities, the Contract Standing Orders adopted by that authority shall apply.

Where a contract is let by any other UK Police Authority, Emergency Service or other Collaborative Agency then the Contract Standing Orders adopted by that Police Authority, Emergency Service or Collaborative Agency shall apply.

#### **E. Web Based Tendering**

Further guidance will be issued in due course on the procedures associated with web based tendering.

#### **F. Race Relations Legislation**

Communication must take place with existing service providers by the Chief Constable prior to any new contractual arrangements being considered.

#### **G. Contacts**

If you have any questions concerning the Standing Orders please contact Finance Director on extension 2244 or the Chief Executive on extension 8981.

## **CONTRACT STANDING ORDERS**

### **1. Miscellaneous**

1.1 Where appropriate in these Standing Orders:

- (1) the term "contract" means a legally binding agreement for works or for the supply of goods, materials or services;
- (2) the term "Chief Constable" includes an officer authorised to act on his behalf for the purpose specified (e.g. as mentioned in the Financial Procedure Manual); and
- (3) the term "consultant" includes anyone employed to supervise and manage a contract on behalf of the Police Authority and who is not an officer of the Authority or Leicestershire Constabulary; and
- (4) the term "FGPC" means the Finance and General Purposes Committee but the full Police Authority may also exercise the powers allocated to FGPC in these Standing Orders.

1.2 Every contract made or tendering procedure adopted by the Police Authority must comply with:

- (1) All aspects of EC Procurement Directives currently in force; and
- (2) these Standing Orders, so far as no exceptions have been made under Standing Order 2.

A reference to the EC Procurement Directives is contained in the Annex hereto.

1.3 A consultant must comply with these Standing Orders as if he or she were the Chief Constable of the Leicestershire Constabulary and the service contract must state this obligation.

1.4 English Law will apply to all contracts.

1.5 The amounts £A and £B in these Standing Orders have the values given in Standing Order 1.6 below. By notification to the Chief Constable and Chief Executive, the Finance Director may adjust any such values.

1.6 Subject to any alterations made by the Finance Director in accordance with Standing Order 1.5:

£A = £5,000  
£B = £75,000

### **2. Exceptions**

2.1 Exceptions to Standing Order 3.1 may be made in accordance with Financial Regulations.

2.2 Exceptions to Standing Orders 3.1 or 3.2 onwards may be made:

- (1) by the FGPC;
- (2) by the Chief Executive in consultation with the Chairman of the Police Authority;

- (3) if the tender is invited on behalf of a partnership of which the Police Authority is a member and the tender is being invited in accordance with the method prescribed by that partnership.

2.3 Before making an exception under Standing Order 2.2(2) the Chief Executive must consult the Treasurer or the Finance Director and, after the exception has been made, the circumstances must be reported to FGPC and recorded in the minutes.

### **3. Inviting Quotations and Tenders**

3.1 Where the estimated value of a proposed contract is more than £A but not more than £B, written quotations must be invited from at least three suitable contractors. The Chief Executive may authorise that only two, or exceptionally one, quotation(s) be sought if he is satisfied, on reasonable grounds, that three quotes cannot be obtained. The Chief Executive will record such reasons. No quotation other than the lowest that meets the specification may be accepted without the written authority of the Chief Executive. In such circumstances, the Chief Executive will consider factors such as timeliness, capability or reliability of the contractors, relative price differential of quotes, and budget holder's professional judgment, but the overriding factor shall be to obtain best value for the Authority.

3.2 Where the estimated value of a proposed contract is more than £B, tenders must be invited from at least three suitable contractors by one of the methods described in Standing Order 4, or 5. The requirements of Standing Orders 6 and 7 apply to such tenders. The Force Procurement Manager must be consulted on the proposed tender.

### **4. Selective Tendering from List of Approved Contractors**

4.1 This Standing Order applies where the Finance Director has decided that tenders are to be invited only from those included on a list of approved contractors.

4.2 Any list of approved contractors must be compiled, kept and operated by the Chief Constable or Chief Executive in accordance with requirements of the Authority, which will be resolved when a list is compiled or reviewed.

4.3 The lists must show the type and value of work for which each contractor is approved.

4.4 The lists must be reviewed at least every five years. Before any list is compiled or reviewed, an advertisement must be published in such newspaper(s) and trade journal(s) as the Chief Constable or Chief Executive considers appropriate. The advertisement must invite contractors to apply to be included in the list and must state a period, of at least four weeks, within which the Police Authority must receive applications. Where a list is being reviewed, those already on the list must be asked if they wish to stay on it subject to satisfactory past performance and financial standing.

4.5 An approved contractor considered by the Finance Director to be unsatisfactory may be removed or suspended from any list.

4.6 The Chief Constable or Chief Executive must invite at least 4 of the contractors to tender to be chosen in rotation, except that:

- (1) the two lowest tenderers for a contract must be invited to tender for the next similar contract for which they are approved contractors subject to the Chief Constable or Chief Executive being satisfied as to their capability, having regard to their performance and other commitments and

- (2) where the past performance or current financial standing of a contractor appears unsatisfactory to the Chief Constable or Chief Executive, shall consider the exclusion of that contractor from tendering for a particular contract or to vary the rota system for inviting tenders and are therefore authorised for that purpose.

## **5. Open Competitive Tendering**

- 5.1 This Standing Order applies where the Finance Director has decided that tenders are to be obtained by open competition.
- 5.2 Tenders must be invited by formal notice sent to at least 3 proposed contractors or invited by an advertisement published in such newspapers and trade journals as the Chief Constable or Chief Executive, as the case may be, considers appropriate.
- 5.3 Any such formal notice or advertisement must give particulars of the proposed contract and must state a date and time, at least two weeks later, by which tenders must be received by the Police Authority.

## **6. Submitting Tenders**

- 6.1 Every invitation to tender must state that a tender will be considered only if it is received in a sealed, plain envelope with the words "tender for" and the title of the contract written on it. There must be no mention of the sender's name or any way of identifying the sender from the envelope.
- 6.2 All the tenders received must be opened on the same occasion and in the presence of two officers designated respectively by the Chief Executive and the Chief Constable. In the case of tenders invited by the Chief Executive, the Treasurer must designate the second officer.
- 6.3 Those present at the opening of tenders must ensure that a list of tenders is made (name of bidder, tender value, date opened). The list must be signed by those present and be kept by the Chief Executive.
- 6.4 A tender received after the time fixed for receipt of tenders can only be considered if the Chief Constable or Chief Executive is satisfied that there is good reason for its late arrival and that it was received before any other tender was opened. If a late tender is not to be considered, it may be opened just to find the name and address of the tenderer so that it can be returned.
- 6.5 The Chief Constable or Chief Executive may allow a tender, that does not comply with these Standing Orders, to be considered provided he is satisfied that the breach was due to inadvertence and that no advantage to the tenderer or detriment to any other person has occurred as a result. The Chief Constable or Chief Executive, as the case may be, will record such reasons.

## **7. Accepting Tenders**

(NOTE: The term "best tender" means the lowest if payment is to be made by the Authority and the highest if payment is to be received by the Authority. The term "best tenderer" means the contractor that submits the best tender).

- 7.1 The Chief Constable or Chief Executive may accept the best tender for schemes that have been approved by the Police Authority and for which adequate budget provision has been made.
- 7.2 Tenders other than the best tender may be accepted only by the Authority after it has considered a written report on the matter.
- 7.3 Before accepting a tender, the Chief Constable or Chief Executive, as the case may be, must make any enquiries he considers appropriate as to the capability and commitments of the best tenderer, including obtaining references and requesting the Treasurer or the Finance Director to obtain a report on the tenderer's financial status.
- 7.4 If enquiries reveal the best tenderer to be an unsatisfactory contractor, the next best tender shall be treated as the best tender and so on.
- 7.5 If errors are discovered on examination of the tender which is being considered for acceptance the tenderer must be given details and be asked to confirm or withdraw the tender as submitted. The tenderer is to be allowed 7 days to reply.
- 7.6 If, before a tender is accepted, savings are needed by reducing the contract price, the Chief Constable or Chief Executive may provide to at least the three lowest tenderers details of work to be omitted from the contract and request them to submit a revised tender within the reasonable time specified.

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

This Standing Order applies where a sub-contractor or supplier is to be nominated to a main contractor.

- 8.1 Where the estimated value of the proposed sub-contract or goods or services to be supplied is more than £A but not more than £B, quotations must be invited in accordance with Standing Order 3.1.
- 8.2 Where the estimated value of the proposed sub-contract or goods or services to be supplied is more than £B:
- (1) tenders must be invited in accordance with Standing Order 3.2,
  - (2) all the tenders received must be opened on the same occasion and in the presence of the Chief Constable or Chief Executive; and
  - (3) Standing Order 7.1 applies and a list of tenderers signed by those present at the opening of the tenders must be kept by the Chief Constable or Chief Executive.
- 8.3 Every invitation to quote or tender must state that quotations or tenders are to be accompanied by the sub-contractor's or supplier's undertaking to indemnify the main contractor for the sub-contracted work or goods, materials or services supplied.
- 8.4 The Chief Constable or Chief Executive, as the case may be, after consulting the Finance Director, must nominate to the main contractor, the sub-contractor or supplier whose quotation or tender is considered to be the most satisfactory. If that quotation or tender is not the lowest received, the circumstances must be reported to the Authority.

## **9. Form of Contracts**

- 9.1 All contracts above £A must be in writing.

- 9.2 The terms and conditions of contracts are to be settled by the Chief Constable or Chief Executive. Contracts valued at £B or less must, where practicable, at least be on, or incorporate, an official order form approved by the Finance Director (copies of which are published on the intranet).
- 9.3 All contracts above £B must be sealed by the Police Authority. All contracts valued at £B or below but above £A must either be signed by the Chief Constable or Chief Executive.
- 9.4 All contracts must state:
- (1) the work to be done or the goods, materials or services to be supplied;
  - (2) the price and any deductions; and
  - (3) the time within which the contract is to be carried out.

## **10. Contract Conditions**

### 10.1 Liquidated Damages

Contracts valued at more than £B must provide for adequate liquidated damages to be paid by a contractor that fails to complete the contract in the time specified. The amount of the damages is to be determined by the Chief Constable, in consultation with the Finance Director. The Chief Constable may provide for liquidated damages in a contract valued at less than £B.

### 10.2 Standards

Any contract based on a tender or quotation must state that all goods and materials used or supplied are to comply with any relevant Standards Specification or Code of Practice in force at the date of the tender (British and/or any European equivalent).

### 10.3 Security

A risk assessment of every contract for the purposes of determining the level of security (if any) necessary must be made by the Chief Constable or Chief Executive as the case may be.

- 10.4 Contracts estimated to be valued above £B must require the contractor to provide adequate security for carrying out the contract, unless the Chief Constable or Chief Executive in consultation with the Treasurer or the Finance Director considers that it is not necessary. The Chief Constable or Chief Executive must determine the amount and form of any security.

### 10.5 Insurance

The Chief Constable or Chief Executive, in consultation with the Treasurer or Finance Director, shall consider whether a contractor should provide, in connection with the contract, public liability insurance, insurance of works and buildings, and professional indemnity insurance, such cover to be in such reasonable amounts as the Treasurer or the Finance Director may determine.

## 10.6 Corruption

Every contract must state that the Police Authority may cancel the contract and recover any resulting losses from the contractor, if the contractor, its employees or agents, with or without its knowledge:

- (1) improperly offers or gives anyone anything in order to influence the way in which any contract with the Police Authority is given, completed or carried out; or
- (2) commits any offence under the Prevention of Corruption Acts 1889 to 1916 or section 117(2) of the Local Government Act 1972.

## 10.7 Assignment

Every contract must state the contract or any part of it must not be assigned or sublet without the consent of the Police Authority. Any such consent may be given by the Chief Constable or Chief Executive as the case may be.

## 10.8 Consultants

Every contract with a consultant must include provisions requiring the consultant to provide, both on request and at the end of the contract for the permanent retention of the Police Authority, all records maintained by them in connection with the contract being supervised including accounts, vouchers and other associated documents and a requirement that they comply with these Standing Orders as though they were the Chief Constable.

## 11. Review

These Standing Orders were approved by minute of the FGPC on 29 January 2007. They will be reviewed not later than January 2009.

### **ANNEX TO CONTRACT STANDING ORDERS**

Leicestershire Police Authority is subject to the requirements of European Community Services Directive 92/50/EEC (as enacted into UK law by Statutory Instrument), for certain of our contracts for services and 93/36/EEC for certain of our contracts for the supply of goods.

Leicestershire Police Authority must comply with the requirements of EC procurement legislation in the process of awarding all relevant contracts for which it is responsible.

The legislation applies to contracts with an estimated value above the following thresholds (net of VAT):

- £144,371 for supplies and service contracts
- £3,611,319 for works contracts

N.B. These values are subject to annual review.

Where there are a series of contracts, for similar requirements, to be awarded to the same market segment within each 12 month period, the value of all those requirements must be aggregated together to determine whether the value threshold is reached. If it is, then all those contracts will be subject to the Directives. As this will be difficult to do in practice, anything regularly purchased should have the Directives applied to it.

Should employees be unsure if the Directives are applicable then they should contact the Finance Director who will advise accordingly.

Failure to comply with the requirements of EC procurement legislation may result in Leicestershire Police Authority being taken to court for a breach of the law and subsequently required to pay damages and compensation to disadvantaged parties. Such action may disrupt or delay the process of awarding contracts, or cause the cancellation or suspension of contracts already in place.