



Management Accounts for the period ending 28 February 2022



HUMBERSIDE
Fire & Rescue Service

Safer Communities Safer Firefighters

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Key To Traffic Light System

The elements of the Traffic Light system being used in the report to highlight significant outturn variances / issues are as follows:-

Status Column - indicates, using a colour reference whether an issue is:-

Red **Potentially detrimental** to the finances of the Authority

Green **In line with budget or potentially advantageous** to the finances of the Authority.

HUMBERSIDE FIRE & RESCUE SERVICE **COMMENTARY ON THE MANAGEMENT ACCOUNTS** **For the period 1 April 2021 to 28 February 2022**

The following statements represent a summary of the financial activity of the Service for the period stated above.

Each statement is accompanied with notes, referenced to specific lines on that statement where significant variances have been forecasted or where further explanation of information shown is necessary.

Revenue Statements

These statements show the actual and committed revenue expenditure, in summary subjective heading format (Table 1) as at 28 February 2022 compared to the profiled 2021/22 budget for the same period. The report also shows the forecasted outturn for the full year based on current levels of income and expenditure and any known variations to the end of the financial year.

Table 1

HUMBERSIDE FIRE & RESCUE SERVICE REVENUE MONITORING SUMMARY STATEMENT 2021/22 1 April 2021 to 28 February 2022 (Period 11)

	Original Budget	Revised Budget	28 February 2022		Projection	Full Year		Status	Note
			Profile	Actual & Committed		Variance			
£'000			£'000	£'000		£'000	£'000		
Employees									
Wholtime Firefighters	24,709	24,839 *	22,730	22,739	24,933	94	0.38	Red	1
On-Call Firefighters	4,828	4,878 *	4,297	4,094	4,652	(226)	(4.63)	Green	1
Non-Operational	6,986	6,986	6,406	6,288	6,986	-	-	Green	
Other Employee Expenses (Training, Occ Health, Insurance)	1,632	1,632	1,389	1,548	1,559	(73)	(4.47)	Green	2
Total Pay & Pensions	38,155	38,335	34,822	34,669	38,130	(205)	(0.53)		
Premises	2,744	2,676	2,590	2,527	2,544	(132)	(4.93)	Green	3
Transport	1,793	1,729	1,644	1,636	1,706	(23)	(1.33)	Green	4
Supplies & Services	3,743	3,911 *	3,693	3,332	3,696	(215)	(5.50)	Green	5
Support Services	204	204	188	86	204	-	-	Green	
Non Pay Efficiency Savings	(127)	-	-	-	-	-	-	Green	
Total Expenditure	46,512	46,855	42,937	42,250	46,280	(575)	(1.23)		
Income	(4,236)	(4,236)	(3,883)	(4,660)	(4,871)	(635)	14.99	Green	6
Net Expenditure (Ex Capital Charges)	42,276	42,619	39,054	37,590	41,409	(1,210)	(2.84)		
Interest Payable	661	661	529	335	661	-	-	Green	
Interest Receivable	(40)	(40)	(37)	(9)	(14)	26	(65.00)	Red	7
Accounting Adjustments	2,192	2,292	-	-	2,488	196	8.55	Red	8
Contributions to / (from) Reserves	74	810 *	-	-	810	-	-	Green	
Net Budget Requirement	45,163	46,342	39,546	37,916	45,354	(988)	(2.13)	Green	
Financed By									
Business Rates	(3,955)	(5,134)	(3,745)	(3,745)	(5,134)	-	-		
National Non Domestic Rates	(17,144)	(17,144)	(15,915)	(15,915)	(17,144)	-	-		
Precepts	(24,064)	(24,064)	(22,385)	(22,385)	(24,064)	-	-		
	-	-	(2,499)	(4,129)	(988)	(988)	-		

*budgets increased to reflect additional spend and grant received from Government in relation to COVID19 and other transfer from earmarked reserves

Notes

1. This projected overspend is primarily due to the Firefighters' pay award and additional costs associated with the immediate detriment (interest, compensation for employee contributions, contribution holidays, annual allowance charges and unauthorised payment charges) which may be recovered from Government. In addition to this there has been an underspend on employer's pension contributions as well as lower call out costs for on-call staff.
2. Lower injury allowance and ill health pension contributions are primarily the reason for this variance.
3. This projected underspend is primarily due to lower Business Rates charges following a review of the rateable values of our premises which was initiated by the Corporate Finance and Procurement team.
4. This projected underspend is primarily due to spending less on fuel and officer travel.
5. This projected underspend is primarily due to lower ICT costs in relation to the WAN due to investment in previous years. In addition to this the smoke alarms and hydrant maintenance budgets not being fully utilised due to sufficient stock levels of smoke alarms and less hydrant maintenance required.
6. This variance is due to additional grant received from Government in relation to Protection and compensation for loss of income as well as additional income in relation to aerial rentals and secondments of staff.
7. This variance is due to lower interest rates than anticipated.
8. This variance is primarily due to funding capital expenditure to maintain downward pressure on the Authority's Capital Financing Requirement.

Capital Statement

This report shows the actual and committed capital expenditure as at 31 December 2021 compared with the adjusted profiled 2021/22 budget for the same period. This report also shows the forecasted outturn for the full year based on current levels of expenditure and any known variations to the end of the financial year.

Table 2

HUMBERSIDE FIRE & RESCUE SERVICE
CAPITAL MONITORING STATEMENT 2021/22
1 April 2021 to 28 February 2022 (Period 11)

	Original Budget	Revised Budget	28 February 2022		Projection	Full Year		Traffic Light	Notes
			Profile	Actual & Committed		Variance		Status	
			£'000	£'000		£'000	%		
SCHEME									
Building Works									
Invest to Save	-	207	52	-	207	-	-	Green	
Goole	-	387	97	-	30	(357)	(92.25)	Green	1
Snaith	25	40	10	-	-	(40)	(100.00)	Green	1
Bridlington	-	102	26	-	29	(73)	(71.57)	Green	1
BA Training Refurbishment	-	18	5	-	-	(18)	(100.00)	Green	1
Dignity Works	-	13	3	-	13	-	-	Green	
Co-Location	-	97	24	-	-	(97)	(100.00)	Green	1
Howden	-	390	98	-	-	(390)	(100.00)	Green	1
Winterton	150	150	38	-	-	(150)	(100.00)	Green	1
Pocklington	100	100	25	-	-	(100)	(100.00)	Green	1
Scunthorpe	-	104	26	-	25	(79)	(75.96)	Green	1
Immingham East	350	350	88	-	-	(350)	(100.00)	Green	1
Grimsby - Cromwell Road	250	250	63	-	-	(250)	(100.00)	Green	1
Headquarters	10	67	17	-	67	-	-	Green	
Furniture and Equipment	-	8	2	3	8	-	-	Green	
	885	2,283	574	3	379	(1,904)	(83.40)		
Vehicles									
Operational Vehicles	1,460	1,633	1,633	197	197	(1,436)	(87.94)	Green	2
Support Vehicles	222	655	655	46	76	(579)	(88.40)	Green	2
Equipment	285	557	557	107	111	(446)	(80.07)	Green	2
PPE	-	1,400	1,400	1,035	1,035	(365)	(26.07)	Green	3
Information Technology	500	601	500	282	400	(201)	(33.44)	Green	4
	3,352	7,129	5,319	1,670	2,198	(4,931)	(69.17)		

Notes

1. These capital schemes are expected to be completed during 2022/23.
2. The Fire Appliances and support vehicles are not expected to be delivered until 2022/23.
3. Replacement Helmets are not expected to be delivered until 2022/23
4. A number of ICT projects are not expected to be completed until 2022/23.

Pensions Account Statement

The Authority has a revised budgeted deficit of £12.9m on this account for 2021/22.

The deficit on this account is financed through the Pensions Top-up Grant given by the Home Office, of which 80% of the grant was received in July of this financial year. The Authority has to stand any cash flow losses until the balance of the grant is paid in full in July 2022.

Table 3

**HUMBERSIDE FIRE & RESCUE SERVICE
PENSIONS ACCOUNT STATEMENT 2021/22
1 April 2021 to 28 February 2022 (Period 11)**

	Revised Budget £'000	28 February 2022		Projection £'000	Full Year Variance		Note
		Profile £'000	Actual £'000		£'000	%	
<u>Expenditure</u>							
Pension payments	16,948	16,948	16,962	16,962	14	0.08	
Commutations	3,868	2,901	3,253	3,868	-	-	
Transfer Values	100	75	-	-	(100)	(100.00)	1
Total Pensions Expenditure	20,916	19,924	20,215	20,830	(86)	(0.41)	
<u>Income</u>							
Contributions							
Ill Health	(186)	(139)	(64)	(186)	-	-	
Employee's	(2,354)	(2,158)	(2,239)	(2,354)	-	-	
Employer's	(5,336)	(4,892)	(4,862)	(5,336)	-	-	
	(7,876)	(7,189)	(7,165)	(7,876)	-	-	
Transfer Values	(100)	(75)	-	-	100	(100.00)	1
Total Pensions Income	(7,976)	(7,264)	(7,165)	(7,876)	100	(1.25)	
Net Pensions Deficit/(Surplus) To be financed by HO grant	12,940	12,660	13,050	12,954	14	0.11	

Notes

1. There haven't been any transfers into the Firefighters' Pension Scheme (FFPS) from other pension schemes nor has there been any transfers from the FFPS into other pension schemes during the year.

Treasury Management

Borrowing & Lending Activity

This statement shows the borrowing and lending activities undertaken by the Corporate Finance section of Hull City Council, on behalf of the Service, for the period 1 April 2021 to 28 February 2022 under the terms of the SLA. It also shows any variation between the actual interest received from the temporary investment of surplus monies and the budgeted interest.

Table 4

**HUMBERSIDE FIRE & RESCUE SERVICE
BORROWING AND LENDING ACTIVITY STATEMENT
For the Period Ending 28 February 2022**

Ref.	Company	Investment £	From	To	%	Returned	
						Interest £	Investment £
MMF	Deutsche Managed Sterling Fund	1,000,000.00					
MMF	Aberdeen (SL) Liquidity Fund	1,000,000.00					
MMF	Goldman Sachs Liquid Reserve Fund	1,000,000.00					
301727	Thurrock Council (rolled from 301722 to 301742)	2,000,000.00	25/06/2021	07/01/2022	0.09	966.58	2,000,000.00
301728	Nationwide BS (rolled from 301723)	2,000,000.00	25/06/2021	07/01/2022	0.07	751.78	2,000,000.00
301739	DMO	2,000,000.00	22/11/2021	28/01/2022	0.03	110.14	2,000,000.00
301743	DMO	1,000,000.00	28/01/2022	11/02/2022	0.14	53.70	1,000,000.00
301740	Skipton BS (rolled from 301733)	2,000,000.00	23/11/2021	23/02/2022	0.03	151.23	2,000,000.00
301747	DMO	2,000,000.00	23/02/2022	28/02/2022	0.30	82.19	2,000,000.00
301736	Leeds BS (rolled from 301735)	2,000,000.00	29/11/2021	09/03/2022	0.06	328.77	-
301742	Thurrock Council (rolled from 301727)	2,000,000.00	07/01/2022	07/04/2022	0.14	690.41	-
301745	Nationwide BS	2,000,000.00	21/02/2022	23/05/2022	0.52	2,592.88	-
301746	DMO	1,000,000.00	21/02/2022	23/05/2022	0.54	1,346.30	-
301744	Coventry BS	2,000,000.00	08/02/2022	08/08/2022	0.66	6,545.75	-
						13,619.73	

Total Investments at 28 February 2022

12,000,000.00

Summary of Interest Receipts

		Projection	Actual	Variance under/(over)	%
		£	£	£	
Accumulated interest on Investments to :	28/02/2022	36,663	9,050	27,613	75.32

Temporary Loans

Investment £	From	To	%	Interest £
-				-

The total amount temporarily invested at 28 February 2022 is £12.00m.

Movement in Revenue Reserves

This statement shows the movements on the revenue reserves for the period 1 April 2021 to 28 February 2022.

This statement also gives a projected value of revenue reserves at 31 March 2022 based on the projections in Table 1.

Table 5

**HUMBERSIDE FIRE & RESCUE SERVICE
MOVEMENT IN REVENUE RESERVES
as at 28 February 2022**

	As at 1 April 2021 £'000	In Year Movements £'000	Projected Balance at 31 March 2022 £'000
General Reserve	6,373	1,062 *	7,435
Earmarked Reserves			
Insurance	500	-	500
The Ark - National Flood Resilience Centre	1,000	-	1,000
Capital Programme	4,160	1,179	5,339
Resilience Reserve	300	-	300
ESMCP	355	-	355
Grenfell and Protection	155	(155)	-
East Coast & Hertfordshire Control Room Consortium	470	-	470
Uniform Replacement Programme	150	-	150
COVID	288	(288)	-
Environmental Reserve	30	(30)	-
	<u>13,781</u>	<u>1,768</u>	<u>15,549</u>

*In year contribution to the General Reserve is based on the budgeted contribution to the reserve plus any estimated under/overspend as at 28 February 2022.

Budget Virements (transfer between lines) Processed

There were no budget virements processed during the period to 28 February 2022.

PART 4 SECTION E – CONTRACT PROCEDURE RULES

Rule 1 – Introduction

- 1.1 The purpose of these Rules is to ensure:
- (a) HFA obtains best value for money, through competitive procedures;
 - (b) Compliance with law;
 - (c) That the financial and legal interests of the HFA are properly safeguarded;
 - (d) That the highest standards of propriety, integrity and impartiality are achieved;
 - (e) Fairness in awarding public contracts;
 - (f) Support to the Vision, Mission and the Strategic Plan of the HFA;
 - (g) Compliance with HFA Strategic Plan, including performance framework, governance and corporate risk management.
- 1.2 Responsibility for ensuring compliance with these Rules shall ultimately be that of the Chief Fire Officer & Chief Executive.

Rule 2 – Scope

- 2.1 These Rules must be followed every time the HFA enters into a contract (as defined below) for supplies, works or services or disposes of assets.
- 2.2 National Procurement Rules must also be followed where appropriate and may affect the financial limits contained in these Rules.
- 2.3 External Consultants or agents appointed by the HFA to supervise contracts must follow both these Rules and the Financial Procedure Rules as if they were Officers of the HFA. Contracts for their service must state this requirement.
- 2.4 These Rules are to be read in conjunction with the Financial Procedure Rules. In the case of any conflict, these Contract Procedure Rules prevail.
- 2.5 Employees of the HFA shall ensure that no conflict of interest may arise in relation to the award of a contract and that if any is likely to arise, or if he or she has any connection in any manner to a potential Contractor or contract award in their private lives this will be made known to the authorised Officer or Chief Fire Officer & Chief Executive who shall record the information on the Contract File and the central register of interests maintained by the HFA.

Rule 3 – Definitions

- (1) **"Authorised Officer"** shall mean an Officer authorised by the Chief Fire Officer & Chief Executive as a person responsible for the process of awarding, signing and monitoring contracts and/or to certify requisitions for the supply of goods, services or works to such value as determined by the Chief Fire Officer & Chief Executive, in consultation with the S.151 Officer and the Secretary.
 - (2) **"Contract"** shall mean any arrangement, including a partnership whether in consideration for money or other consideration by which the HFA acquires works goods or services.
 - (3) **"Contract File"** shall be a file for each contract award maintained by the authorised Officer that includes all relevant papers and a written record of all
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PART 4 SECTION E – CONTRACT PROCEDURE RULES

action taken (with justification for those actions) in relation to that contract award and signed by the Authorised Officer.

- (4) **“Contractor”** shall include a potential Contractor, an individual, partnership or Company who may provide goods services or works to the HFA.
- (5) **“CF”** means Contracts Finder.
- (6) **“Contract Register”** shall mean the register of contracts awarded by the HFA.
- (7) **“Decision Record”** shall mean a formal record of a decision in relation to a contract award (containing the information set out in Appendix 3) made under the Scheme of Delegation or otherwise delegated by the HFA and signed by the Chief Fire Officer & Chief Executive or Authorised Officer in accordance with that delegation.
- (8) **“FTS”** means the Find a Tender Service.
- (9) **“HFA”** means the Humberside Fire Authority. Contracts above the EU threshold set out under Rule 14 shall be awarded by the Authority (unless fully under the delegated authority of a committee). The Authority may delegate the power to award a particular contract to the Chief Fire Officer & Chief Executive. All other contracts under these Rules shall be awarded by the Chief Fire Officer & Chief Executive unless the contract falls under a particular delegated responsibility of a committee.
- (10) **“Journal”** shall mean a periodical circulating amongst persons who normally provide the goods services or works that the Chief Fire Officer & Chief Executive may wish to purchase from time to time.
- (11) **“Open Tender”** shall mean a one stage Tender process whereby any party may submit a Tender.
- (12) **“PPRS”** means the Public Procurement Review Service.
- (13) **“Questionnaire”** shall mean a questionnaire approved by the Secretary and S.151 Officer which seeks to elicit from Contractors all relevant information as to their technical competence and financial soundness.
- (14) **“Restricted Tender”** shall mean a two stage contract award process. Firstly, an evaluation of applicants to obtain a shortlist of Contractors to be invited to Tender and secondly the evaluation of a tender received from those shortlisted Contractors.
- (15) **“Register of Authorised officers”** shall mean a register maintained by the S.151 Officer of all Authorised Officers under these Rules.
- (16) **“Specification”** shall mean a detailed written description of the works goods or services required.
- (17) **“Standing List”** shall mean a standing list of Contractors approved by the Chief Fire Officer & Chief Executive from time to time in accordance with these Rules.
- (18) **“the Code”** means the Local Government Transparency Code 2015.
- (19) **“The sum or value”** specified in these Rules do not include VAT for the purposes of calculating value.

Rule 4 - Steps Prior to Procurement

PART 4 SECTION E – CONTRACT PROCEDURE RULES

- 4.1 The Authorised Officer must take into account any HFA procurement guidance prior to procuring any goods, services or works, including:
- (a) appraising the need for the expenditure and its priority;
 - (b) defining the objectives of the procurement;
 - (c) consulting the S.151 Officer and Secretary as appropriate about the proposed procurement method, contract conditions and performance standards and user satisfaction monitoring;
 - (d) considering what procurement method is most likely to achieve the purchasing objectives, including internal or external sourcing, partnering, packaging strategy and collaborative procurement arrangements with another local authority, Government department, statutory undertaker or public service purchasing consortium;
 - (e) assessing and documenting the risks associated with the procurement and how to manage them (including the formation of a project risk register depending upon the scale of the procurement);
 - (f) drafting terms and conditions that are to apply to the proposed contract;
 - (g) ensuring that the likely procurement expenditure is within budget;
 - (h) considering conducting a proportionate delivery model assessment before deciding whether to outsource, insource, or re-procure a service through evidenced based analysis;
 - (i) scrutinising risk allocation and the proposed pricing and payment mechanism, before going to market, with meaningful market engagement;
 - (j) ensuring that market conditions are properly understood and procurement routes align with supply capacity and capability;
 - (k) conducting effective pre-market engagement, this can be achieved by publishing Future Opportunity Notices and Early Market Engagement Notices on CF;
 - (l) Where the cost of the contract is above the national procurement threshold, as set out in the Specified Amounts, and where the majority of the contract is for provision of services, consider the following
 - whether the services to be procured improves the social, environmental and economic wellbeing of the relevant area;
 - how in conducting the process of procurement HFA might secure such improvement; and
 - whether to undertake a consultation on these matters;
 - (m) adopting lean sourcing principles so to complete all but the most complex procurements¹ within 120 working days from publication of contract notice to award;

¹ Complex procurement is defined as “one where the specification is difficult to define or is complex or innovative, the procurement is high risk, the competition is restricted to a limited market, the contract will be based on unusual commercial models (e.g. Private Finance Initiative or a Private Public Partnership variant) or where the procurement involves spend in a number of categories

PART 4 SECTION E – CONTRACT PROCEDURE RULES

- (n) ensuring that new projects include performance measures that are relevant to the service objective and proportionate to size and complexity of the contract; and
- (o) ensuring a record is maintained.

Rule 5 – Contracts Not Subject to these Rules

5.1 The following contracts are not subject to these Rules, except that Rule 1 will always apply as guiding principles:

- (a) For urgent repairs to plant or machinery necessitated by breakdown or to satisfy Health and Safety requirements;
- (b) With Statutory Undertakers who have a monopoly on works, supplies or services;
- (c) Repairs to plant or machinery which can only be carried out by the manufacturer;
- (d) For the purchase of goods, works or services where there exists a sole supplier;
- (e) Which are funded by grant from a third party and that grant is conditional upon either contracts being awarded in a particular manner or the appointment of named contractors;
- (f) Framework contracts to be entered into with other public authorities or Associations acting on behalf of public authorities where the standing orders of the actual awarding Authority or Association shall apply;
- (g) Contracts for the supply of goods services or execution of works undertaken by a Local Authority on behalf of the HFA in which case that Local Authority's standing orders relating to contracts will apply, subject to any requirements of the HFA; and
- (h) Contracts of employment.

5.2 A decision record shall be maintained by the Authorised Officer where paragraph 5.1 above applies.

Rule 6 – Advice of Secretary and S.151 Officer

6.1 The Chief Fire Officer & Chief Executive shall ensure that the advice of the Secretary and S.151 Officer is obtained on contract matters, in particular where:

- (a) The contract being entered into is not on the Standard Terms of the HFA and the HFA is required to accept the terms of another party;
 - (b) The value of a particular contract is worth more than the specified amount;
 - (c) The estimated potential risk to the HFA is above the specified amount;
 - (d) The Chief Fire Officer & Chief Executive reasonably determines that any failure to achieve the intended objectives of the contract would result in material disadvantage for the HFA;
 - (e) The matter is one which requires the advice of the Secretary or the S.151 Officer under the Financial Procedural Rules.
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PART 4 SECTION E – CONTRACT PROCEDURE RULES

- 6.2 Any dispute or difference as to the interpretation of these Rules shall be determined by the Secretary, in consultation with the S.151 Officer.
- 6.3 Environmental implications shall always be taken into account when preparing contract documentation.

Rule 7 – National Procurement Rules

- 7.1 Where National public procurement Rules applies to any contract being tendered:
- (a) The tender procedure shall be in accordance with such Rules;
 - (b) The Chief Fire Officer & Chief Executive will ensure compliance with National public procurement law in consultation with the Secretary.

Rule 8 – Authorised Officer

- 8.1 The Chief Fire Officer & Chief Executive may appoint Authorised Officer(s) if required and shall place their names on the Register of Authorised Officers. One of the Authorised Officers shall be the main point of contact for procurement purposes. The Authorised Officers shall have responsibility for ensuring that:
- (a) all contracts, to be awarded by the HFA, comply with these Rules;
 - (b) a Contract File is maintained for each contract awarded or to be awarded;
 - (c) probity and transparency are maintained in the award of a contract;
 - (d) they notify the Officer responsible for maintaining the HFA's Contracts Register (if maintained) of the award of any contract;
 - (e) ensuring that where work is assigned to HFA employees they have the required capability and capacity to undertake it;
 - (f) the aggregation principles established by national procurement legislation are complied with;
 - (g) contract terms and conditions and a Specification have been written for each contract to be awarded which will wherever practicable assist the HFA in continuously improving the exercise of its functions and which contains appropriate performance indicators;
 - (h) the contractual terms and Specification are included in all invitations to tender; an evaluation matrix is in place for both Contractor and tender evaluation (based on the Specification) and which, in the case of tender evaluation, focuses on quality, whole life costs and risk management;
 - (i) at all stages of a contract award appropriate advice is sought from relevant Officers or the Secretary as may be required;
 - (j) no tender for contracts to which Rules 13 and 14 apply will be considered unless it is uploaded to the tendering solution in accordance with the timescales contained in the invitation to Tender;
 - (k) funding for the contract has been authorised by the HFA or is provided by grant from a third party; an estimate of the total value of the contract has been prepared and that the tender accepted is within budget, the limits of any grant for that contract or any parameters specified in Financial Procurement Rules;
 - (l) value for money is obtained; and

PART 4 SECTION E – CONTRACT PROCEDURE RULES

- (m) appropriate monitoring of contracts is undertaken.

Rule 9 – Procurement Rules Generally

- 9.1 Unless otherwise approved by the S.151 Officer or the Secretary, all contracts must be made on an Official Purchase Order Form and which shall make reference to the contract terms and conditions and the Specification.
- 9.2 The Chief Fire Officer & Chief Executive may maintain a Standing List of Contractors from whom to select contractors to be invited to tender.
- 9.3 All official purchase order forms must be signed by the Authorised Officer or the Chief Fire Officer & Chief Executive. Official purchase order forms are prime financial documents and must be kept for whichever is the later of -
- (a) 24 months from the date of the contract;
 - (b) the end of any warranty period;
 - (c) the end of any dispute relating to that contract, or
 - (d) the end of any period for which grant conditions are applicable.
- 9.4 The decision to award the contract shall be made by an Authorised Officer (where authorised) or the Chief Fire Officer & Chief Executive. The name of the party awarded the contract and the reasons for that contract award shall be recorded.
- 9.5 The Chief Fire Officer & Chief Executive may authorise the S.151 Officer or the Secretary or any other Officer to award a contract where the Chief Fire Officer & Chief Executive has power to award such a contract.

Rule 10 – Value of Contracts

- 10.1 The Authorised Officer must ensure that all reasonable steps are taken to estimate the gross value of a contract. Where the contract is for more than one year, the contract value is determined by multiplying the expected annual value by the initial contract term (including any option period). If a term is not specified then four years should be used. VAT is excluded from the calculation.

Rule 11 - Contracts not More than £5,000

- 11.1 The Authorised Officer shall ensure that the principles set out under Rule 1 and the Financial Procedure Rules are adhered to.
- 11.2 At least one vendor quotation, catalogue price or internet market research must be obtained which constitutes value for money.

Rule 12 – Contracts Valued at not more than £25,000

- 12.1 The Authorised Officer shall ensure that the principles set out under Rule 1 and the Financial Procedure Rules are adhered to.
- 12.2 Where practicable, the appropriate Authorised Officer shall obtain at least three quotes from contractors and produce a decision record for the award of the contract.
- 12.3 Where it is not possible to obtain three quotes from contractors, the reasoning and justification for the decision to award the contract will be recorded on the decision record form included as Schedule 3.
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PART 4 SECTION E – CONTRACT PROCEDURE RULES

- 12.4 See Rules 22.1 and 22.2 for the publication requirements for contracts valued at not more than £25,000.

Rule 13 – Contracts Valued above £25,000 but not more than £50,000

- 13.1 Where the estimated value of a proposed contract is above £25,000 but does not exceed £50,000 the Authorised Officer shall seek written quotations from not less than three contractors experienced in the supply of the required goods, works or services.
- 13.2 Unless otherwise approved by the S.151 Officer, all contracts must be made on an Official Purchase Order Form and which shall make reference to the contract terms and conditions and the Specification.
- 13.3 Formal quotation exercises stating the nature and purpose of contract, and final submission date, will be undertaken by the Authorised Officer using the Authority's procurement portal. The timescales used shall be such that persons or organisations invited have an equal opportunity to respond.
- 13.4 Quotations for goods and services will only be considered where they have been submitted through the portal in accordance with the requirement of the invitation to quote. Quotations received by any other method will not be evaluated.
- 13.5 A record shall be maintained by the Authorised Officer of the contractors approached and their responses. A decision record shall be placed on the Contract File together with a record of the reasons for the award of the contract.
- 13.6 Authorised Officers shall make available to all parties a copy of the contract terms and conditions and the Specification free of charge.
- 13.7 See Rules 22.1 and 22.2 for the publication requirements for contracts valued above £25,000 but not more than £50,000.

Rule 14– Contracts Valued At More Than £50,000 But Not More Than The Published National Procurement Threshold in Respect to Works, Supplies or Services Contracts

- 14.1 The Authorised Officer or Chief Fire Officer & Chief Executive shall decide whether to tender the contract using an Open or Restricted Tender.
- 14.2 Where an Open Tender is sought the proposed contract shall be advertised on the HFA's Procurement Portal and Contracts Finder. A reasonable period of time shall be allowed for the submission of the tender. The Authorised Officer shall make available to all parties requesting particulars a copy of the contract terms and conditions and the Specification free of charge. A written record shall be made on the Contract File of all persons who have requested tender documents. All tenders shall be opened at the same time.
- 14.3 Where a Restricted Tender is to be sought, the proposed contract shall be advertised on the HFA Procurement Portal and Contracts Finder. A written record shall be made of all persons to whom a Questionnaire has been submitted. The Authorised Officer will then shortlist at least three applicants unless fewer than three qualify. The reasons for selecting those invited to tender shall be recorded on the Contract File. The Contractors invited to tender shall be supplied with a copy of the contract terms and conditions and the Specification. All tenders will be opened at the same time in the presence of the S.151 Officer, or Secretary or their nominee.
- 14.4 The decision to award the contract shall be made by the Chief Fire Officer & Chief Executive following receipt of a report on the tender process by the Authorised Officer.
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That report shall include a reference to the decision of the HFA authorising the expenditure for the contract. The decision record shall be placed on the Contract File together with a record of the reasons for the award of the contract.

- 14.5 The Authorised Officer shall take advice from the Secretary as to whether the contract should be a formal document and which may be executed under seal. Where the contract is to be executed under seal then the contract shall be executed by the Secretary. The Authorised Officer shall provide the Secretary with a copy of the Decision Record. Contracts in whatever form are prime financial documents and must be kept for a prescribed period of at least 6 years (12 years if under seal) or until any dispute relating to the contract has been resolved.
- 14.6 For the purposes of this part of these Rules the Chief Fire Officer & Chief Executive may maintain a Standing List of Contractors from whom to select contractors to be invited to tender.
- 14.7 In the event that it is not possible to invite three tenders due to a lack of Contractors
- (a) prepared to tender, or
 - (b) of technical competence, or
 - (c) of sufficient financial soundness, or
 - (d) otherwise available
- then the Chief Fire Officer & Chief Executive shall ensure that this is recorded in the Contract File and may invite fewer than three or re-advertise.
- 14.8 In exceptional circumstances the Authorised Officer, and or the Chief Fire Officer & Chief Executive may undertake negotiations with potential Contractors. This may be particularly relevant where only one Contractor is available to tender. The negotiated procedure shall be approved by the Secretary and the S.151 Officer. The Authorised Officer shall record in the Contract File all steps and decisions taken in the process and the reasons for those steps and decisions.

Rule 15 – Contracts for Supplies, Services and Works Above the Published National Procurement Thresholds as Set Out in the Specified Amounts

- 15.1 The Chief Fire Officer & Chief Executive shall, where reasonably practicable, assess the requirements of the HFA for the supply of goods, services or works for each following year so as to ascertain whether any procurement will be required in accordance with the National Procurement Rules that would necessitate the publication of a Prior Indicative Notice.
- 15.2 The Contract shall be tendered in accordance with the requirements of the applicable procurement legislation and the Authorised Officer shall record all decisions taken in connection with the contract award process and the reasons for those decisions in the Contract File. In the event that the estimated contract value exceeds the National Threshold, but the type of contract is exempt from a procurement process in accordance with procurement legislation, then the procedure in Rule 13 will apply.
- 15.3 The Authorised Officer shall determine whether the Open, Restricted, Competitive Dialogue or Competitive Procedure with Negotiation shall be used in the case of Contracts that are required to be tendered in accordance with the procurement legislation and that decision shall be recorded in writing in the Contract file. All tenders will be opened at the same time.
- 15.4 Competitive Dialogue and the Competitive Procedure with Negotiation shall not normally be used. Officers' attention is drawn to the procurement legislation which sets out the limited occasions when those procedures may be used. Where the Authorised Officer considers that one of these procedures may be appropriate s/he will

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first consult with the Secretary and S.151 Officer.

- 15.5 Subject to Rule 15.6, contracts with a value above the National Threshold shall only be awarded with the approval of the HFA. All reports shall confirm compliance with these Contract Procedure Rules and the relevant National procurement legislation.
- 15.6 Where the HFA has authorised the Chief Fire Officer & Chief Executive to accept a Tender then it may be accepted, provided that the value of the tender does not exceed by more than 5% the sum approved by the HFA for the contract.
- 15.7 All contracts shall be formalised and executed by both sides and which shall include the Specification. The Secretary shall determine whether the contract shall be under seal. The Authorised Officer shall seek his/her advice. The provisions of Rule 13.5 shall apply in relation to the execution of contracts.
- 15.8 See Rules 22.5 to 22.8 for the publication requirements for contracts valued the published national procurement thresholds.

Rule 16 – Standing List

- 16.1 A Standing List may be used where recurrent transactions of a similar type are likely but where such transactions need to be priced individually and cannot easily be aggregated in a single tender.
 - 16.2 The following provisions shall apply to the production of a Standing List of Contractors to be used for the selection of Contractors to be invited to tender.
 - 16.3 At least four weeks before a Standing List is compiled, a Public Notice inviting applications for inclusion in it shall be published. The Authorised Officer will consider where the contract shall be advertised to ensure the principles set out in Rule 1 are achieved. The advert shall specify the nature of the work for which the list is being compiled.
 - 16.4 The criteria set out in Schedule 1 to these Rules for the inclusion of Contractors on Standing Lists shall be applied. Any selection which does not take those criteria into account shall be subject to the approval of the HFA. The Questionnaire shall be used.
 - 16.5 A Standing List shall be approved by the Chief Fire Officer & Chief Executive following receipt of a written report from the Authorised Officer. That List shall be reviewed annually by the Authorised Officer to ensure that Contractors maintain compliance with the criteria set out in Schedule 1.
 - 16.6 The Standing List shall show the nature of goods services or works that a Contractor has been approved to tender for. The list shall also reveal the maximum value of contracts that may be awarded to the Contractor, as determined by the S.151 Officer.
 - 16.7 The Authorised Officer shall maintain a written record of the reasons for:
 - (a) Contractors being placed on the Standing List for the nature and value of contracts specified;
 - (b) Contractors not being placed on the Standing List, or
 - (c) Contractors not being placed on a Standing List for the provision of goods service or works of the value that they may have applied for.
 - 16.8 Invitations to tender for a contract shall not be sent to Contractors on the Standing List for a contract value and category of contract for which they have not been approved. The Authorised Officers shall ensure that in selecting Contractors to tender from the Standing List an objectively verifiable method of selection is used that ensures that no one Contractor may be deemed to be receiving any more favourable treatment than any other.
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- 16.9 If the Chief Fire Officer & Chief Executive considers that there are grounds for deleting a Contractor from any Standing List then he or she shall inform the HFA who shall give the Contractor an opportunity to comment on the grounds in writing. The HFA shall then decide whether or not to delete that Contractor from the Standing List.

Rule 17 – Framework Agreements

- 17.1 HFA may establish a framework agreement or alternatively seek access to a Framework Agreement held by another public authority. Regard shall be had to Rule 1 prior to seeking access to a Framework Agreement held by another public authority.
- 17.2 The term of a Framework Agreement must not exceed four years.
- 17.3 HFA will not enter into a Framework Agreement without the approval of the S.151 Officer or the Secretary. The Authorised Officer will set out in a decision record the rationale for entering into such a Framework Agreement.
- 17.4 Contracts based on Framework Agreements may be awarded by either:
- (a) applying the terms laid down in the Framework Agreement (where such terms are sufficiently precise to cover the particular call-off) without re-opening competition; or
 - (b) where the terms laid down in the Framework Agreement are not precise enough or complete for the particular call-off, by holding a mini-competition, either in accordance with the terms stated in the Framework Agreement or with the following procedure:
 - (i) Inviting the contractors within the Framework Agreement that are capable of executing the subject of the contract to submit written Tenders or Quotations;
 - (ii) Fixing a time limit, which is sufficiently long to allow Tenders or Quotations, for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract;
 - (iii) Awarding each contract to the contractor who has submitted the best Tender or Quotation on the basis of the Award Criteria set out in the terms of the Framework Agreement.

Rule 18 – Invitations to Tender and pre-qualification stage

- 18.1 A pre-qualification stage should not be included in any procurement where the value of the procurement is below the national procurement thresholds set out in the Specified Amounts. This does not apply to procurements where the estimated value, net of VAT, is less than the sub-central contracting authority threshold set out in the Specified Amounts. However, it is unlikely that a pre-qualification stage is necessary or proportionate for procurements of less than the sub-central contracting authority threshold. If one is required then the standard questionnaire exclusion questions and the standard selection questions may be used as a guide in developing appropriate and proportionate questions as part of a one-stage procurement process.
- 18.2 Ensure compliance with the publication requirements set out in Rule 22.
- 18.3 The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time and in the manner stipulated in the Invitation to Tender. Late Tenders will not be accepted. No Tender delivered in contravention of the method stated in the Invitation to Tender shall be considered.
- 18.4 Engage in early discussions with Contractors, and in advance of any contract award,

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the types of procurement and contracts information which can be discussed to the public and then ensure that information is published in an accessible format.

- 18.5 Invitations to Tender should be issued via the Procurement Portal system using the HFA's standard document templates, where appropriate.
- 18.6 All Invitations to Tender shall include the following:
- (a) A specification that describes the HFA's requirements in sufficient detail to enable the submission of competitive offers;
 - (b) A requirement for Contractors to declare that the Tender content, price or any other figure or particulars concerning the Tender have not been disclosed by the Contractor to any other party (except where such a disclosure is made in confidence for a necessary purpose);
 - (c) A requirement for Contractors to complete fully and sign all Tender documents including a form of Tender and certificates relating to canvassing and non-collusion;
 - (d) Notification that Tenders are submitted to the Authority on the basis that they are compiled at the Contractors' expense;
 - (e) A description of the Award Procedure and, unless defined in a prior advertisement, a definition of the Award Criteria in objective terms and if possible in descending order of importance;
 - (f) Notification that no Tender will be considered unless it is submitted in the required format as stipulated in the Tender document;
 - (g) The method by which any arithmetical errors discovered in the submitted Tenders are to be dealt with. In particular, whether the overall price prevails over the rates in the Tender or vice versa.
- 18.7 All Invitations to Tender must specify the goods, service or works that are required, together with the terms and condition of contract that will apply.
- 18.8 The Invitation to Tender must state that the HFA is not bound to accept any Tender.
- 18.9 All Contractors invited to Tender must be issued with the same information at the same time and subject to the same conditions. Any supplementary information must be given on the same basis.
- 18.10 The terms and contractual conditions upon which tenders are to be sought shall be approved by the Secretary.
- 18.11 In all tender documents Contractors shall be advised that canvassing of any Member or official of the HFA for acceptance of a tender will disqualify that Contractor on whose behalf the canvassing is carried out.
- 18.12 The Authority will only receive responses from prospective suppliers using the Authority's electronic procurement portal, in accordance with the terms of tender as specified in the tender documents
- 18.13 Tender responses will only be received by other methods in extenuating circumstances which have been accepted by the Section 151 Officer or Secretary.
- 18.14 The HFA is not obliged to consider all tenders received nor to accept a tender nor to

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accept the highest or lowest (as the case may be) tender. Where any tender is considered then, save for the provisions relating to late tenders, all tenders submitted in accordance with the Instructions to Tenderers will be considered.

- 18.15 Tenders must be in plain English.
- 18.16 Where the tender is submitted by a Partnership then all partners, or such person(s) authorised to bind the partnership, contractually, must sign the tender. In the case of a Company it must be signed by a Director. Where a Director is not available then a person authorised to sign contracts on behalf of the Company may sign. The authority to sign shall be included with the submitted tender.
- 18.17 The HFA shall be entitled to terminate the contract if the Contractor shall have:
- (a) offered or given or agreed to give to any officer or Member of the HFA any gift or consideration of any kind as an inducement or bribe to influence its decision in the tendering process. For these purposes the word “Contractor” shall include any and all persons employed by it or who are purporting to act on its behalf. Attention is drawn to sections 94 to 98 and 117 of the Local Government Act 1972, (as amended); or
 - (b) communicated to any person other than the HFA the amount or approximate amount of the proposed bid (other than in confidence in order to obtain quotations necessary for the preparation of the Tender, or to obtain a performance bond if required by the HFA); or
 - (c) entered into any agreement or arrangement with any person as to the amount of any proposed Tender or that person shall refrain from tendering.
- 18.18 Tenders will be evaluated to determine which is the most economically advantageous tender taking into account both quality and financial considerations based on Schedule 2 to these Rules and an appropriate financial evaluation model. The criteria to be used for that evaluation shall be disclosed to tenderers.

Rule 19 – Shortlisting and Consideration of Tenders

- 19.1 Any Shortlisting must have regard to the financial and technical standards relevant to the contract and the Award Criteria. Special rules apply in respect of the National Procedure.
- 19.2 When Approved Lists are used, Shortlisting may be undertaken by the Designated Officer in accordance with the Shortlisting criteria drawn up when the Approved List was compiled (see Rule 15). However, where the national procurement legislation applies, Approved Lists may not be used.
- 19.3 No tender shall be considered unless it complies with the Instructions to Tenderers.
- 19.4 All tenders shall be submitted using the Procurement portal and will be kept secure until the date and time for their opening.
- 19.5 Late Tenders will not be considered unless extenuating circumstances exist which have been accepted by the Section 151 Officer or Secretary.
- 19.6 All tenders shall be opened at the same sitting and in the presence of the Secretary or S.151 Officer.
- 19.7 A record shall be kept of the tenders received and of their amount, except where the pricing of the contract is comprised of a schedule of rates in which case the amount is not recorded. A record shall also be kept of Contractors invited who have not tendered.
- 19.8 An evaluation matrix shall be developed for the evaluation of tenders before those
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tenders have been opened. Broadly the criteria set out in Schedule 2 of these Rules shall be used for the evaluation of tenders so far as the same is applicable to the particular type of Contract. Any award of the contract which does not take into account the criteria set out in Schedule 2 shall be subject to the approval of the HFA. In order to evaluate against a Specification the tender documents will need to have set out all of the information and proposals that are required from Contractors with their bid as to how they are to satisfy the requirements of the Specification.

19.9 Utilise outcome based specifications as much as possible, which focuses on the desired outputs of the service in business terms, rather than a technical scope to propose innovative solutions.

19.10 For all construction, infrastructure, and capital investment and procurements with a value exceeding £10 million, HFA should use the Balanced Scorecard (template and annexures can be found attached to PPN 09/16) and:

- (a) Consider each of the Strategic Themes and CSFs of the model Scorecard in relation to the objectives of the project, determining whether there are associated requirements that should be incorporated into the procurement;
- (b) Identify whether for a specific exercise there are other project or sector themes and CSFs with associated requirements;
- (c) Produce a procurement-specific balanced scorecard that captures and communicated the objectives for the procurement, how these relate to specific project requirements and thus to evaluation of tenders; and
- (d) Publish their balanced scorecard with the procurement documentation to form a clear summary of how the procurement will deliver the project vision.

19.11 Consider adopting the balanced scorecard approach set out above for procurements for other procurements where there is clear benefit to doing so.

19.12 The Authorised Officer must define Award Criteria that are appropriate to the procurement and designed to secure an outcome giving Value for Money for the HFA. The basic criteria shall be:

- (a) 'lowest price' where payment is to be made by the HFA, or
- (b) 'most economically advantageous', where considerations other than price also apply.

If the last criterion is adopted, it must be further defined by reference to sub-criteria, which may refer only to relevant considerations. These may include price, service, quality, running costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, after-sales services, technical assistance and any other relevant matters.

19.13 Award Criteria must not include:

- (a) Non-commercial Considerations
- (b) Matters, which discriminate against Contractors from the European Economic Area or signatories to the Government Procurement Agreement.

19.14 Authorised Officers must use the standard Selection Questionnaire (SQ) for the supplier selection stage of new procurements that are greater than the National Procurement threshold set out in the Specified Amounts. Authorised Officers should either:

- (a) Provide Contractors with a copy of the SQ (containing all 3 parts) within the

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procurement documents; or

- (b) Direct potential Contractors to an electronic version, and provide the standard selection questions separately in the procurement documents.
- 19.15 Authorised Officers should ensure that all the necessary self-declarations are received as part of the selection stage evaluation. A Part 1 and Part 2 declaration is mandatory from potential Contractors to declare that they have not breached any exclusion grounds, it's also needed of any organisations that potential Contractors rely on to meet the selection criteria. These include: parent companies, affiliates, associates, or essential subcontractors.
- 19.16 If any potential Contractor, or organisation that the Contractor rely on to meet the selection criteria, has breached any of the exclusion grounds, then the Authorised Officer should provide the potential Contractor with an opportunity to explain how and what action they have taken to rectify the situation.
- 19.17 Authorised Officers must accept a self-assessment of compliance with the exclusion and selection criteria at the early stages of procurement. Evidence is only needed when the winning bidder has been identified, or at an earlier stage if necessary to ensure the proper conduct of the procedure.
- 19.18 Part 1 and Part 2 of the SQ must not be amended. Deviations from the supplier selection questions in Part 3 are permissible, but must be signed off by [INSERT]. Authorised Officers must report the following deviations from Part 3 to the PPRS on behalf of HFA:
- (a) Changes to the wording of the standard questions and instructions; and
 - (b) Additional questions that are included which are not specific to the individual procurement.
- 19.19 The following deviations do not need to be reported to the PPRS, but must still be signed off by [INSERT]:
- (a) Project specific questions;
 - (b) Simple amendments to make the questions compatible with an e-procurement system; and
 - (c) Standard questions which HFA decide to omit.
- 19.20 The report to the PPRS must include:
- (a) A covering letter/email explain the reasons for the deviations, demonstrating that they are relevant and proportionate and linked to the requirements of the contract and contract delivery;
 - (b) Confirmation that the deviations have been approved by [INSERT]; and
 - (c) A copy of the questions template or supplier selection process which clearly shows the deviations.
- 19.21 When procuring goods and/or services in respect of information and communications technology, facilities management or business processing outsourcing with a total anticipated contract value of £20 million, the Authorised Officer must establish a selection criteria relating to a Contractor's reliability as demonstrated by its performance of past contracts. This requirement also includes framework agreements where it is anticipated that there will be call-off agreements in respect of such goods and/or services with an individual anticipated value of £20 million or greater (excluding VAT). This includes:
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- (a) that the Contractor's principal relevant contracts in the last three years are being or have been satisfactorily performed in accordance with their terms; or
 - (b) where there is evidence that this has not occurred in any case, that the reasons for any such failure will not recur if that Contractor were to be awarded the relevant contract.
- 19.22 When assessing the Contractor's past performance, Authorised Officers should accept references and certificates of past performances. Certificates of past performances are acceptable in email format. The form of the certificate can be found in Appendix F of PPN 04/15.
- 19.23 Where a certificate states that a Contractor has not performed satisfactorily, the Authorised Officer should check that the Contractor has included reasons as to why performance was not in accordance with the contract. This information should be requested from the Contractor if not included in the certificate.
- 19.24 Authorised Officers should also collect any other information provided by the Contractor in relation to past performance, such as any information explaining why past performance problems are unlikely to recur.
- 19.25 At the completion stage of the selection stage under any procurement, the Authorised Officer must provide all of the information it has provided in relation to past performance and submit it to the Crown Commercial Service (CCS), so to support the collation of a CCS supplier database.

Exclusions

- 19.26 Before any contract is awarded the financial soundness and technical competence of Contractors shall be determined taking into account the matters set out in Schedules 1 and 2 to these Rules and any guidance issued by the S.151 Officer. A Questionnaire may be used for these purposes and shall be used if the value of the contract exceeds £50,000. Contractors failing to attain any minimum standards set for the award of the contract shall not be awarded a contract.

Mandatory Exclusion for above National Threshold Contracts

- 19.27 Where the Authorised Officer establishes that a bidder has been convicted of a certain criminal offence in UK national law (e.g. bribery, corruption, money laundering, terrorism related offences, proceeds of crime, drug trafficking, human trafficking, and modern slavery) it must exclude the Contractor. Civil offences are not included. The Authorised Officer must first obtain approval from [INSERT] before excluding Contractor under the mandatory exclusion.
- 19.28 The mandatory exclusion applies for 5 years from the date of conviction or binding decision.
- 19.29 The mandatory exclusion applies to person and entities other than the bidder entity itself and as such applies where a person convicted is involved in the bidder's administrative, management, or supervisory body or has a power of decision, representation or control in the bidder.
- 19.30 In limited and exceptional circumstances, an award of a contract can be made if there are grounds for a mandatory exclusion where there are overriding reasons relating to the public interest (e.g. urgent need for emergency equipment which can only be purchased from such an economic operator).

Discretionary Exclusion

- 19.31 Authorised Officer may use discretion to exclude bidders on a discretionary basis

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where any of the following can be established:

- (a) where an award would lead to a violation of environmental, social or labour law obligations;
- (b) where the Contractor is bankrupt, is the subject of insolvency or winding-up proceedings, is in administration, where it is in an arrangement with creditors, where its business activities are suspended or it is in an analogous situation arising from a similar procedure under the laws and regulations of a foreign country;
- (c) the Contractor is guilty of grave professional misconduct which renders its integrity questionable;
- (d) where there are has sufficiently plausible indications that the Contractor has entered into agreements with other economic operators aimed at distorting competition;
- (e) where a conflict of interest within the meaning of Regulation 24 cannot be effectively remedied by other, less intrusive, measures;
- (f) where a distortion of competition from the prior involvement of the Contractor in the preparation of the procurement procedure, as referred to in Regulation 41, cannot be effectively managed by other, less intrusive, measures;
- (g) the Contractor has shown significant or persistent deficiencies in the performance of a substantive requirement under a prior public contract, a prior contract with a contracting entity, or a prior concession contract, which led to early termination of that prior contract, damages or other comparable sanctions;
- (h) If a bidder negligently supplies misleading information that may materially influence the decision concerning an exclusion;
- (i) where the Contractor is guilty of serious misrepresentation in supplying the information required for the verification of the absence of exclusion grounds or the fulfilment of the selection criteria; or has withheld such information or is unable to provide supporting documents required under Regulation 59; or
- (j) where the Contractor has undertaken to unduly influence the decision-making process or obtain confidential information that may confer upon it undue advantages in the procurement process, or has negligently provided misleading information that may have a material influence on decisions concerning exclusion, selection or award

19.32 Authorised Officers must consider specific circumstances on a case by case basis before deciding whether or not to exclude a bidder. Authorised Officers must obtain final sign off from [INSERT] before excluding any bidders under the discretionary exclusion.

19.33 The discretionary exclusions runs from 3 years from the date of the event, or if the event is continuing, then 3 years from the date when the event no longer applies. If the exclusion is based on a ruling then the timescale is 3 years from the date of the ruling, not the event.

19.34 The discretionary exclusion does not apply to persons or entities beyond the Contractor (i.e. a subcontractor).

19.35 Verification of any self-declaration must be performed on the winning bidder prior to award. Verification can be completed by means of an extract of the judicial register

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(such as judicial records), or equivalent documents issued by governments (such as certificates). Where such documents are not issued then a declaration on oath, or solemn declaration before a competent judicial or administrative authority, a notary or a competent professional or trade body, may be provided.

- 19.36 Authorised Officers must request up to date evidence from the winning Contractor to establish that it does not fall within the above exclusions before award of the contract.
- 19.37 If the winning Contractor is subsequently excluded then the Authorised Officer may then choose to amend the contract award decision and award to the second-placed Contractor, provided that none of the exclusions apply to that Contractor. Alternatively, the procurement process may be terminated. The Authorised Officer must seek the approval of [INSERT] before amending the contract award decision or terminating the procurement process under this Rule 19.37.

Self-cleaning

- 19.38 Authorised Officers must not exclude the Contractor from the procurement where the Contractor provides sufficient evidence of “self-cleaning” (i.e. measures taken by the bidder are sufficient to demonstrate its reliability despite an exclusion ground applying).
- 19.39 The Contractor must be given an opportunity to submit evidence of self-cleaning and if it's considered sufficient then the bidder should not be excluded.
- 19.40 In order to demonstrate that self-cleaning is sufficient the Contractor must demonstrate that it has:
- Paid compensation in respect of any damage caused by the criminal offence or misconduct;
 - Clarified the facts and circumstances in a comprehensive manner by collaborating with investigating authorities; and
 - Taken concrete, technical, organisational, and personnel steps that are appropriate to prevent recurrence of the offence of misdemeanour.

If the Contractor has provided insufficient evidence then it should be excluded and the Authorised Officer should provide the reasons to the bidder for its decision

Rule 20 – Contract Conditions

- 20.1 Every contract shall be in writing and in a form approved by the Secretary and in particular:
- (a) where a standard form of contract has been issued by the JCT, ICE, NEC or other competent body it shall be used;
 - (b) include adequate and appropriate provision for Health and Safety;
 - (c) provide for liquidated damages unless such is considered inappropriate by the S.151 Officer;
 - (d) contain a clause entitling the HFA to cancel the contract and claim any resulting loss in the event that the Contractor shall have improperly influenced or made any attempt so to influence the award or administration of the contract;
 - (e) indicate that in the case of supply of goods, services or works payment will not be made in advance unless the S.151 Officer approves it in writing in cases where adequate legal and financial safeguards are in place to protect the HFA's

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interest;

- (f) include a Specification which sets out (as applicable) the services or works to be performed, the goods to be supplied, the price to be paid or the manner in which that sum is to be ascertained and the period within which the contract is to be performed. Specifications should wherever possible seek to exploit any advantages that may be gained by encouraging innovation on the part of bidders through the use of output based specifications rather than prescriptive input based specifications;
- (g) require compliance with any relevant national standard where such exist or, in their absence, with a British Standard Specification or Code of Practice or equivalent;
- (h) not require a particular brand of product without acceptance of its equivalent where to do so would offend Article 30 of the EC Treaty;

include a provision for the performance of the contract to be secured by a performance bond, guarantee or deposit of money in such sum as the S.151 Officer considers appropriate in the case of services or works valued at over£500,000. In the case of contracts valued below that sum their performance shall be similarly secured should the S.151 Officer so decide;
- (i) indicate that payment may be made by such electronic means as the S.151 Officer may specify.
- (j) include a provision that undisputed invoices are paid within 30 days and for HFA to consider and verify all invoices submitted by a Contractor;
- (k) ensure that there is a provision within all public contracts to ensure prompt payment through the supply chain; and

Rule 21 – Contract Management

- 21.1 Ensuring accurate and reliable data is available during a procurement and throughout contract delivery, particularly where this relates to forecasting volume, managing demand and performance;
 - 21.2 Putting in place appropriate mechanism for identifying and managing risks, and avoiding a blanket approach. Authorised Officers should carefully considering risks inherent in the contract and discussing with Contractors pre-procurement;
 - 21.3 Establishing limits of liability in contracts, which includes detailed consideration of likely commercial risks of each contract and the proposed approach, discussions of proposals for managing risk as part of early dialogue with the market and/or potential Contractor before the procurement beings, and tailoring liability provision in contracts relative to the requirement, value, complexity, and avoiding unlimited liability positions;
 - 21.4 Adopting a collaborative approach to managing change in contract delivery by working with the Contractor early enough to resolve issues such as quality of service delivery, volumes, performance requirements or KPIs, and pricing or payment mechanisms;
 - 21.5 HFA must publish on its website the percentage of its invoices paid within 30 days, on an annual basis, and all interest liable, under late payment legislation.
 - 21.6 Authorised Officers should assist with any investigations performed by the PPRS and respond promptly where required.
 - 21.7 Ensure that resources are proportional to complexity and risk to manage the contract.
-

PART 4 SECTION E – CONTRACT PROCEDURE RULES

Rule 22 – Publication Requirements

Contracts Valued at not more than £25,000

- 22.1 Authorised Officers must publish any contracts/invitations to tender for contracts to provide goods/services with a value exceeding £5,000.

Contracts Valued above £25,000 but not more than £50,000

- 22.2 Contract opportunities with a value of at least £25,000 net of VAT should be published on CF within 24 hours of publication on a portal or any other method.
- 22.3 Contract awards should be published within 90 calendar days after the contract award date (i.e. the date on which the contract was signed by the last contractual party, the day after this date is considered to be day one).
- 22.4 See Rules 22.9 to 22.11 for the minimum data requirements for publishing contract awards and opportunities.

Contracts for Supplies, Services and Works above the Published National Procurement Thresholds as Set Out in the Specified Amounts

- 22.5 Where a contract value exceeds the National Procurement thresholds set out in the Specified Amounts, Authorised Officers must publish notices of the contract opportunity to FTS and any other appropriate procurement portal.
- 22.6 Once contract opportunity is published on FTS it must also be published on CF within 24 hours of the time it was published on FTS.
- 22.7 Contract awards should be published within 90 calendar days after the contract award date (i.e. the date on which the contract was signed by the last contractual party, the day after this date is considered to be day one).
- 22.8 See Rules 21.9 to 21.11 for the minimum data requirements for publishing contract awards and opportunities.

Minimum Data Requirements for Contract Opportunities

- 22.9 The following information should be published on CF as a minimum:
- (a) the time by which any interested Contractor must respond if it wishes to be considered;
 - (b) how and to whom an interested Contractor is to respond, with appropriate contact details; and
 - (c) any other requirements for participating in the procurement, (e.g. suitability requirements or explanatory information).

Minimum Data Requirements for Awards

- 22.10 Once an award has been made (including under a framework agreement (e.g. as a result of a mini competition and awards that have not been openly competed), Authorised Officers must publish at the least the following information on CF:
- (a) the full company name of the winning contractor;
-

PART 4 SECTION E – CONTRACT PROCEDURE RULES

- (b) the date on which the contract was entered into (award date);
- (c) the total value of the contract in pounds sterling; and
- (d) an indication of whether the contractor is an SME or a VCSE.

22.11 The following key information should be published to CF:

- (a) contracting authority names;
- (b) procurement reference numbers;
- (c) contract titles;
- (d) description, which should be sufficiently detailed that the reader can understand the authority's requirement;
- (e) values; and
- (f) successful Contractor details, including Contractor identifiers.

Publication Exemptions

22.12 There are some exceptions to publication requirements above where the Authorised Officer considers that publication of the contract award information:

- (a) would impede law enforcement or would otherwise be contrary to the public interest;
- (b) would prejudice the legitimate commercial interests of a particular Contractor; or
- (c) might prejudice fair competition between Contractors.

22.13 Exemptions from publication are also permitted for the following reasons:

- (a) on national security grounds;
- (b) on data protection grounds (e.g. names and contact information of individuals should not be published and instead should be redacted); and
- (c) on commercial sensitivity grounds.

22.14 Authorised Officers must obtain prior approval from **[INSERT]** before withholding contract award information as set out in Rules 22.15 and 22.16.

22.15 Where redacting names the original copy of the contract should not be used, instead a duplicate copy should be made and to then redact the personal information and insert in its place a statement indicating that the text has been redacted and identify the relevant exemptions set out by the Freedom of Information Act 2000 (e.g. Redacted under FOIA section 40, Personal Information).

22.16 The following information could reasonably be withheld on grounds of commercial confidentiality:

- (a) Pricing - the way that the Contractor has arrived at the price they are charging including:
 - individual pricing elements;
 - financial models and business plans including details of
-

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profit margins and overheads;

- matters which enable the make-up of the bid to be determined; and
- financial information which would affect the outcome of re-bid or future procurement etc;

but this should not be grounds for withholding the contract value itself.

(b) Intellectual property - elements of the bid which reveal intellectual property, for example:

- proprietary details of the solution that the contractor is deploying for government;
- information that is copyright to the Contractor;
- elements of the bid (and evaluation documents) which reveal innovative or unique technical solutions and methodologies; or
- elements of the bid (and evaluation documents) which reveal trade secrets.

The above is not an exhaustive list and each contract is to be considered on a case by case basis.

(c) Only genuinely sensitive information should be withheld.

Rule 23 –Reserving Below Threshold Procurements

23.1 Where the anticipated value of the contract is below the National Procurement threshold, as set out in the Specified Amounts, Authorised Officers may consider, where appropriate, the following options:

- (a) Reserving the procurement by Contractor location, specifying that only Contractors from a geographical area can bid. For example, this could be UK-wide, Authorised Officers should not specify by the nations of the UK. If a county is specified then Authorised Officers can only reserve the procurement for a single county. Contractor location should be described with reference to where the Contractor is based or established and has substantive business operations; and
- (b) Reserving the procurement for SMEs and/or Voluntary, Community and Social Enterprises (VCSEs) only.

23.2 The above options should be considered on a case-by-case basis and can be exercised on their own or together. Authorised Officers must obtain approval from **[INSERT]** before seeking to reserve procurements under Rules 23.1.

23.3 Where reserving the procurement by location or Contractor type, Authorised Officers must ensure that it continues to achieve value for money and use good commercial judgement. HFA should not direct award when reserving below threshold procurements.

23.4 Authorised Officers can still chose to complete below threshold contracts on an open basis without any reservation based on Contractor type or location.

23.5 When reserving procurements, Authorised Officers must still comply with HFAs

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internal guidance, governance, and procedures.

23.6 When reserving procurements, Authorised Officers must:

- (a) ensure value for money;
- (b) assess the sector / market;
- (c) identify and manage associated risks, including fraud and corruption;
- (d) ensure a budget is available and approved at an appropriate level(s);
- (e) use suitable model contracts;
- (f) develop simple and proportionate KPI and data reporting mechanisms;
- (g) undertake Contractor due diligence checks;
- (h) ensure final approval is obtained at an appropriate level(s);
- (i) keep suitable records of commercial decisions; and
- (j) publish transparency notices on Contracts Finder as appropriate in a timely manner.

Rule 24 – Procurement in an Emergency

24.1 Where HFA require goods and services due to an emergency where the public interest is in being able to act quickly the options the following options are available:

- (a) call off from an existing framework agreement or dynamic purchasing system (DPS), provided that:
 - HFA are clearly identified as a permitted customer in the original FTS or ITT;
 - the goods, services, or works to be procured fall within the scope of those covered by the framework agreement or DPS;
 - the framework agreement was awarded or the DPS was established in accordance with the national procurement legislation;
 - the terms of the framework agreement or DPS are suitable and meet HFA's requirement without the need for significant changes;

Authorised Officers must follow the procedure for awarding a call-off contract set out in the framework agreement. An award awarded under a DPS has to be by mini-competition and the minimum time for receipt of tenders is 10 days.

Contractors may use subcontractors to deliver aspects of the contracts, but Authorised Officers must be careful to work within the terms of the agreement and avoid using this method to bypass proper process in order to secure the services of the subcontractor.

- (b) call for competition using a standard procedure with accelerated timescales;
 - Authorised Officers can use the following accelerated

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timescales:

- Open procedure - minimum time limit for receipt of tenders can be reduced to not less than 15 days from the date which the contract notice is sent;
- Restricted procedure - minimum time limit for receipt of requests to participate can be reduced to not less than 15 days from which the contract notice is sent and a time limit for the receipt of tenders shall not be less than 10 days from the date on which the ITT is sent; or
- Competitive procedure with negotiation - minimum time limit for receipt of requests to participate can be reduced to not less than 15 days from which the contract notice is sent and a time limit for the receipt of tenders shall not be less than 10 days from the date on which the ITT is sent;

(c) extending or modifying a contract during its term;

- the contract can be modified or extended in any of the following cases:
 - the need for modification has been brought about by circumstances which could not have been foreseen;
 - the modification does not alter the overall nature of the contract;
 - any increase in price does not exceed 50% of the value of the original contract or framework agreement;
- Authorised Officers must keep written justifications for extending or modifying a contract during its term, the justification should demonstrate that the decision was related to the emergency with reference to specific facts;

(d) direct award due to absence of competition or protection of exclusive rights;

- HFA may make a direct award where the works, goods, or services needed to respond to the emergency can only be supplied by a particular Contractor because:
 - competition is absent for technical reasons (e.g. there is only one Contractor with expertise to do the work, produce the product, or with capacity to complete on the scale required); or
 - the protection of exclusive rights, including intellectual property rights;

but only when there is no reasonable alternative or substitute available; and HFA are not doing anything which artificially narrowing down the scope of the procurement;

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- written justifications must be kept to show that the decision to make the direct award satisfies the above conditions;
- (e) direct award due to extreme urgency under regulation 32(2)(c) of the Public Contracts Regulations 2015 (“PCR”);
- HFA may enter into contracts without competing or advertising the requirement so long as it can demonstrate that the following tests have all been met:
 - Genuine reasons for extreme urgency (e.g. need to respond to emergency immediately because of public health risks, loss of existing provision at short notice, reacting to a current situation that is a genuine emergency);
 - The events that have led to the need for extreme urgency were unforeseeable (e.g. the situation is so novel that the consequences are not something that should have been predicted);
 - It’s impossible to comply with the usual timescales contained in the PCR (e.g. no time to run an accelerated procurement, no time to place a call off contract under an existing commercial agreement such as a framework agreement or DPS); and
 - The situation is not attributable to HFA.
 - Authorised Officers must perform an assessment of the above tests before proceeding with any procurement under regulation 32(2)(c) followed by final approval from [INSERT].
 - Authorised Officers must keep records of written justifications that satisfies the above tests.
- 24.2 Authorised Officers must obtain authority from [INSERT] before performing a procurement under Rule 24.1.
- 24.3 Any abnormal contract prices obtained under the procurement options set out in Rule 24.1 must be authorised by [INSERT].
- 24.4 Authorised Officers should first consider whether it’s possible to publish some form of advertisement, run an informal competition, and/or undertake due diligence on the Contractor market before making any direct award.
- 24.5 Authorised Officers must keep proper records of any decisions made during any procurement process performed pursuant to paragraph 16.1.
- 24.6 Authorised Officers should maintain documentation on any additional process or criteria used in selecting Contractors for direct award contracts.
- 24.7 Authorised Officers should maintain documentation on how they have considered and managed potential conflicts of interest in the procurement process. Proactive steps should be taken to identify conflicts of interest upfront and action should be taken to remove anyone with a conflict of interest from the decision making process and to validate those decisions by reference to the relevant considerations.
- 24.8 Where running a procurement under Rule 24.1, the publication requirements set out

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in Rule 21 still apply.

- 24.9 Authorised Officers must ensure that when undertaking procurement in an emergency that it continues to achieve value for money, use good commercial judgement and sound decision making.

MATTERS TO BE CONSIDERED IN SELECTION OF PERSONS
FOR INVITATION TO TENDER

1. TECHNICAL RESOURCES AND REFERENCES

- 1.1 Capacity (including physical and technical resources; current workload and ability to meet the Specification).
- 1.2 Managerial structures and qualifications and competence of key personnel.
- 1.3 Number of employees and a ratio between supervisors and subordinate workers.
- 1.4 Whether the Contractor assesses for suitability and competence of potential employees.
- 1.5 The structure of the Contractor's business and geographical spread of operations.
- 1.6 Established performance of Contractor.
- 1.7 Technical references where the Contractor has been involved in similar work.
- 1.8 Whether the Contractor has suffered a deduction of liquidated and ascertained damages in respect of any contract within the last three years.
- 1.9 Whether the Contractor has had a contract determined or not renewed for failure to perform to the terms of that contract.
- 1.10 The arrangements made by the Contractor for organising the work to ensure adherence to specifications (including any programmes), quality control and communication with his own workforce and with the HFA.
- 1.11 Whether the Contractor has ascertained details of the service to be provided or the proposed contract conditions.
- 1.12 To the extent that it is considered necessary or expedient, in order to permit or facilitate compliance with the requirements of Part 1 of the Local Government Act 1999 the following matters:
 - (a) The terms and conditions of employment of Contractor employees, or the composition of, the arrangements for the promotion, transfer or training of or the other opportunities afforded to employees;
 - (b) The conduct of Contractors in industrial disputes with their employees;
 - (c) Any other matters that the Secretary of State may by Regulation cease to be non-commercial matters for the purposes of the Local Government Act 1988.
- 1.13 Proposals for undertaking the contract.
- 1.14 Operational energy related costs.

2. ENERGY EFFICIENT PRODUCTS

- 2.1 Highly energy efficient products and services should be purchased where appropriate. The energy efficient standards can be found in the Appendix of PPN 01/15, which can be located on the Gov.uk website.
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- 2.2 HFA should only purchase energy efficient products and services where:
- A. It's cost effective; and
 - B. Consistent with considerations as to economic feasibility, wider sustainability, technical sustainability and ensuring sufficient competition.
- 2.3 The following exemptions apply when considering purchasing highly energy efficient products and services:
- A. Minimum Cost thresholds - the above requirements and standards only apply where the contract value exceeds the minimum national procurement thresholds set out in the Specified Amounts; and
 - B. Where priority is given to the overall energy efficiency of product packages over the efficiency of individual energy labelled products.

3. FINANCIAL INFORMATION AND REFERENCES

- 3.1 Whether any directors, partners or associates have been involved in any firm which has been liquidated or gone into receivership.
- 3.2 Outsourcing procurement projects should include a proportionate assessment of the risk of the Contractor going out of business during the life of the contract.
- 3.3 Authorised Officers should request corporate resolution planning information from Contractors of contracts that are considered to be critical service contracts so that HFA are prepared for any risk to the continuity of the service deliver posed by insolvency.
- 3.4 Whether any group or ultimate holding company would be prepared to guarantee the Contractors' contract performance as its subsidiary.
- 3.5 Whether the Company is financially viable.
- 3.6 Consideration of audited accounts. This may extend to the previous three years accounts. The following documents are also acceptable to demonstrate and assess the potential provider's economic and financial standing:
- (a) Parent company accounts (if applicable);
 - (b) Deeds if guarantee;
 - (c) Bankers statements and references;
 - (d) Accountants' references;
 - (e) Management accounts;
 - (f) Financial projections, including cash flow forecasts;
 - (g) details and evidence of previous contracts, including contract values; and
 - (h) Capital availability.
- 3.7 Insurance arrangements, to include:
- (a) Employers' liability insurance;
 - (b) Public indemnity insurance; or
-

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- (c) Professional indemnity insurance.

- 3.8 Authorised Officers should accept requests for references, particularly if the Contractor has performed well and/or exceed expectations.

4. EQUAL OPPORTUNITIES

- 4.1 Ensure compliance with the Equality Act 2010 and Disability Discrimination Act 1955 and the working time directive. HFA is obliged to comply with its duty under the Public Sector Equality Duty (PSED), HFA should ensure goods and services meet the diverse needs of all users and have due regard to the following aims of the duty:
 - (a) Eliminate unlawful discrimination, harassment, victimisation and any other prohibited conduct under the Equality Act 2010;
 - (b) Advance equality of opportunity between people who share a protected characteristic and people who don't share it; and
 - (c) Foster good relations between people who share a protected characteristic and people who do not share it.

The PSED applies where a service is contracted out and HFA will need to consider whether the contractor would need to meet the certain requirements of the PSED in carrying out the service so that HFA can fulfil its duty under the PSED.

Where a public function is contracted out, the successful contractor will need to meet the requirements of the PSED in respect of the public function. HFA must also remain compliant with the PSED as the duty is non-delegable.

5. HEALTH AND SAFETY

- 5.1 Previous health and safety performance.
- 5.2 Whether the HFA will be allowed access to the Contractors' premises for the purpose of inspection of the premises including all plant, equipment and apparatus and working arrangements.
- 5.3 Production of a Health and Safety Policy approved by the HFA.

6. DATA PROTECTION ACT 2018

- 6.1 Compliance with the Data Protection Act 2018 and the GDPR.
- 6.2 Having made an appropriate notification to the Information Commissioner in relation to the operation of the contract (if applicable).

7. LEGAL ENTITY

- 7.1 The legal status of the contractor.

8. SOCIAL VALUE

- 8.1 (Advisory) Evaluate social value when awarding contracts above the national procurement threshold, as set out in the Specified Amounts. This includes whether the an award would achieve to the following outcomes:
 - (a) creating new business, new jobs and new skills;
 - (b) tackling climate change and reducing waste; and
 - (c) improving Contractor diversity, innovation and resilience.

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- 8.2 Implement the social value model when considering tenders, which can be found within PPN 06/20 (advisory).
- 8.3 Implement bullet points 2, 4, 7, 8, 9, 10, 11, 12 and 14 of PPN 05/21.
- 8.4 Staff involved in commercial activity should complete the e-learning on social value access via the Government Commercial College.

9. MODERN SLAVERY

- 9.1 Compliance with the Modern Slavery Act 2015.
 - 9.2 Ensure compliance with “Tackling Modern Slavery in Government Supply Chains” to identify and manage risks in both existing contracts and new procurement activity.
 - 9.3 Ensure relevant procurement, commercial and front-line staff receive awareness training on how to identify modern slavery and steps to tackle it effectively, including reporting it through appropriate channels.
-

CRITERIA FOR THE EVALUATION OF TENDERS

1. COMPLIANCE WITH SPECIFICATION AND CONTRACT CONDITIONS

- 1.1 Each tender checked for any arithmetic errors.
- 1.2 Whether the specification has been met in full and all schedules completed.
- 1.3 Whether the tender complies with any conditions or working methods specified.
- 1.4 Production of a Health and Safety Policy approved by the HFA.
- 1.5 Whether the Contractor has adequate staffing levels/working hours to meet the requirements of the specification, including peak demands and emergencies.
- 1.6 Whether the Contractor has adequate management and organisation to perform the contract.
- 1.7 Whether the Contractor has adequately understood the terms and conditions of the contract and has visited any relevant sites.

2. TECHNICAL ANALYSIS

- 2.1 Technical ability and resources to undertake the work as specified for the duration of the contract.
- 2.2 Ability to recruit and retain labour and the firm's organisational arrangements.
- 2.3 Qualifications of the workforce.
- 2.4 Training of the workforce.
- 2.5 Previous experience and references from users.
- 2.6 Reliability and compatibility of Contractors' equipment.
- 2.7 Risk assessment of each tender to determine the likelihood of the firm failing to deliver the required service.
- 2.8 The tenderers proposals for delivery of the specification. In particular where an output specification has been used any advantages that may be gained by the Contractors' innovative proposals.

3. SOCIAL VALUE

- 3.1 Whether the tender meets HFA's duty to maximise social value effectively.

4. FINANCIAL ANALYSIS

- 4.1 Calculation of net tender prices and avoidable costs.
 - 4.2 Appropriate inclusion of funding for risk.
 - 4.3 Whether the Company is financially viable.
 - 4.4 Viable business plan.
 - 4.5 Whether satisfactory bank, insurance cover, performance bond and guarantees from any parent company will be provided.
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4.6 Whether the costs are realistic.

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SCHEDULE 3 to Part 4 Contract Procedure Rules

HUMBERSIDE FIRE AUTHORITY

DECISION RECORD

FOR CONTRACTS

In accordance with the requirements of the Contract Procedure Rules a decision has been taken to award a contract as described below. I can confirm that the award of the contract has been made in accordance with the Contract Procedure Rules and that funding has been authorised by the HFA.

Decision Record No:	
Contract Title:	
Supplier:	
Value:	
Officer Requesting Approval:	

Decision Type Required – Tick as appropriate New Contract <input type="checkbox"/> Contract Extension <input type="checkbox"/>
If extending an existing contract I confirm that the supplier has met all existing performance requirements: Yes <input type="checkbox"/> No <input type="checkbox"/> Or has agreed improvement measures to ensure satisfactory delivery of the goods or services: Yes <input type="checkbox"/> No <input type="checkbox"/>
Is the contract a result of a direct award to a supplier? Yes <input type="checkbox"/> No <input type="checkbox"/>
If 'Yes' to direct award does a RULE 5 exemption apply? Yes <input type="checkbox"/> No <input type="checkbox"/> If 'Yes' please detail exemption. If 'NO' please describe justification for award including any testings undertaken to ensure VFM?

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Purpose of Contract – <i>Please describe the purpose and deliverables of the contract</i>
Background – <i>Please provide details of the proposed award and steps taken.</i>
Budget – <i>Please provide budget code or funding source</i>
Term - <i>Please provide start and end dates for the proposed contract</i>
Terms and Conditions - <i>Please attach the proposed Terms and conditions or forward a copy to the Procurement Section.</i>

PERSON MAKING THE DECISION		
Value	Level Required	Signature
£5 - 25k	GM/HOF	
£25 - NPT	AM/Director	
Above NPT	CFO/DCFO/S.151	
Print Name		
Date		

**NPT refers to the current National Procurement Threshold value for Goods, Works or Services.*

ADDITIONAL REQUIREMENTS AND CONSIDERATIONS

1. SECURITY CLASSIFICATIONS

- 1.1 Authorised Officers will need to consider whether contracts contain sensitive information and whether the contracts should be classified in accordance with the Government's Classification Policy.
- 1.2 Authorised Officers should assess contracts on a case by case basis and adopt a measured and pragmatic approach to aligning with the new classifications. Risk and value for money should be taken into consideration.
- 1.3 The classifications are:
 - OFFICIAL;
 - SECRET; and
 - TOP SECRET.
- 1.4 It's suggested that contract and tender information published should be marked as OFFICIAL.
- 1.5 Information that is commercially sensitive is suggested to be marked OFFICIAL SENSITIVE.
- 1.6 Government information that is attached to ITTs or contracts that if shared present a significant risk should be marked either SECRET or TOP SECRET, as appropriate following an assessment of the information to be shared

2. INVOICING

- 2.1 Undisputed invoices must be paid in accordance with the payment terms of the contract and in any event within 30 days from the date of receiving the later of Contractor's invoice; receiving the goods/services; or verification or acceptance of the goods or services.
- 2.2 Authorised Officers should accept "unstructured" electronic invoices if Contractors choose to submit such invoices.
- 2.3 Future contracts must not prohibit e-invoicing, or include terms which implicitly or explicitly require invoices only in paper form.
- 2.4 The above requirements are not required where certain security requirements or handling measures are in place to deal with the processing of e-invoices for reasons of national security.
- 2.5 If a Contractor decides to submit an e-invoice, HFA are to require Contractors to be aware of the requirements of VAT Notice 700/63 and any subsequent VAT Notice in relation to e-invoicing.
- 2.6 Ensure acceptance of undisputed invoices that comply with the e-invoicing standard.

3. WHISTLEBLOWING

- 3.1 If an individual is concerned about perceived wrongdoing within a procurement activity then they should in the first instance refer to HFA's Whistle-blowing Procedure /**[report to INSERT]**.

CONFLICTS OF INTEREST IN PROCUREMENT

1. Conflict of interests

- 1.1 A conflict exists where relevant staff members have direct or indirect financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the procurement process.
 - 1.2 HFA should ensure that all commercial interactions, pre and post contract, are suitably protected, as personal interest risk influencing decision-making.
 - 1.3 Conflicts of interest in public procurement fall into 3 categories:
 - Actual conflict - a conflict between the public duty and private interest of a public official, in which the public official has private-capacity interest which could improperly influence the procurement decision-making process (e.g. a person owns shares in a company and the company takes part in a procurement panel which the person is a member of the evaluation panel).
 - Potential conflict - arises where a public official has private interest which are such that a conflict of interest would arise if the official were to become involved in relevant (e.g. conflicting) official responsibilities in the future.
 - Perceived conflict - can be said to exist where circumstances are such that it could reasonably appear that a public official's private interest could improperly influence the procurement decision-making process but this has not in fact occurred (e.g. a senior person within the department has known connection with a company that is taking part in a procurement process; however, they have no direct involvement in the procurement or influence over the award decision).
 - 1.4 HFA must take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures, so as to avoid any distortion of competition and to ensure equal treatment of all Contractors.
 - 1.5 When a conflict of interest arises during the procurement process HFA should consider it on a case by case basis, and remedies will vary following consideration of the circumstances, but it is recommended that the conflicted staff member is removed from the organisation's team engaged in the procurement process.
 - 1.6 Any measures taken by HFA in relation to an internal conflict of interest should be documented and included in a procurement report
 - 1.7 Where a bidder has acted in an advisory capacity to the procurement procedure the following steps should be taken by HFA:
 - Ensure that competition is not distorted by the participation of that bidder;
 - It must communicate to other bidders any relevant information exchanged in the context of or resulting from the involvement of the bidder in preparation for the procurement process and setting adequate time limits for the receipt of tenders;
 - The bidder should only be excluded from bidding where there is no other way to treat all bidders equally;
 - If bidder is to be excluded then the bidder must be given an opportunity to provide their previous involvement would not be capable of distorting competition;
 - Any measures taken by the contracting authority should be documented in a procurement report; and
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- To manage conflicts the contracting authority should have an internal framework of procedure and guidance including appropriate checks and balances. An effective framework will include:

1.8 Declarations of interests

- Relevant persons (i.e. a person within HFA who has the opportunity or perceived opportunity to influence decision making) should be asked to complete a conflict of interest declaration form, which confirms whether or not an actual or perceived conflict exists or whether such a conflict has the potential to exist in the future.
- Declarations must be updated once a new interest arises.
- If a relevant person is likely to access commercially confidential data from a bidder as part of the procurement then an undertaking of confidentiality should be given.
- If partners (married, civil partnership or not), siblings or children work for or have a major interest in a bidder or potential bidder then this must be declared. This is not an exhaustive list.
- When a declaration is being made by a relevant person they should consider the following:
 - Nature of the interest – could it compromise or be perceived to compromise their impartiality and independence.
 - Relevance of the interest – is the connection between the interest and procurement procedure sufficiently close to assume that a conflict exists.
 - Scope in the interest – whether an interest should be declared even though it extends beyond the defined scope of partners, siblings and children (i.e. if a close friend was a CEO of a bidding company).
- If the person making the declaration is uncertain then they should seek advice and/or err on the side of full disclosure.
- If an individual is regularly involved in procurements then a declaration should be refreshed annually.
- If an individual is involved in a new procurement then they should declare their interests at the preparation and planning stage.
- Declarations should be audited and monitored in accordance with the relevant data protection legislation.

1.9 Conflict identification and resolution

- The role of managing conflicts should be agreed at the preparation and planning stage, the [INSERT] will need to ensure that conflicts of interests have been considered and the necessary declarations are obtained. [INSERT] is responsible for managing the disclosure of procurement information and conflicts of interest, including the approval of any mitigating actions.
 - Conflicts will primarily be highlighted through declarations, but they might also be highlighted through the media, open data sources, or whistleblowing.
 - A record of any conflicts should be kept and a Regulation 84 report should be produced for procurement to which that requirement applies (i.e. an above threshold public-contract and framework agreement is awarded). Records should include the nature and category of the interest (actual, potential, and
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perceived), any remedy or action and the rationale for doing so.

- As a minimum, reviews should be undertaken at key stages in the commercial lifecycle and should be signed off by the accounting officer or an appointed nominee.

1.10 Audit and sanctions

- HFA are responsible for assuring the integrity of their management of conflicts of interest and may include an audit of their internal process, internal data, commercial data, commercial decisions and contract implementation. Audits should be independent and outside the commercial team.

1.11 Supply-side requirements

- HFA should satisfy themselves that bidders have equivalent systems in place to prevent, identify, and remedy conflicts of interest. They should assure themselves that bidders have ethical codes which address conflicts in place and a conflict of interest policy. The level of assurance should be proportionate to value, nature and complexity of the procurement.
- Bidders should be routinely asked to make a declaration that they are unaware of any conflicts of interest.

1.12 Special situations

- HFA should have suitable provisions in place to address conflicts in situations such as direct awards and pro-bono work.
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