APPENDIX 1

Contract Standing Orders

&

Procurement Principles

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1) Introduction

1. Effective contract and procurement management is essential in order to become best in class in a business process that involves all aspects of police operation and support. It has a significant impact on the delivery of value for money; therefore it is vital that all procurement activities are managed effectively and that procurement personnel and local buyers are well trained and highly professional.

2. This document has been developed to provide all staff of the Office of the Police and Crime Commissioner for Cleveland (OPCC) and those under the direction and control of the Chief Constable of Cleveland Police who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the PCC and the Force. In addition to the Contract Standing Orders this document contains procurement principles that set out guidance to assist in the delivery of a first class procurement operation.

3. These Contract Standing Orders are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with these Contract Standing Orders. The procedures will be updated from time to time to stay at the forefront of Best Practice and respond to business needs.

4. These Contract Standing Orders relate principally to the procurement process considering the competitive process, selection & management of suppliers and contract award.

2) Empowering Regulations

1. These Contract Standing Orders are the standing orders to be made under Section 135 of the Local Government Act 1972 and all other powers enabling the Police and Crime Commissioner for Cleveland.

2. These Contract Standing Orders cover and comply with the provisions of the The Public Contract Regulations 2015 Audit Commission Competitive Procurement 2001, Equalities Act 2010, Section 16 Local Government Act 2000, Byatt Report 1999, Competition Act 1998, GATT Agreement on Government Procurement 1996 and section 2 of the European Communities Act 1992, Freedom of Information Act 2000, Data Protection Act 1998, Sir Peter Gershon's Independent Review of Public Sector Efficiency 2004, Sir Ronnie Flanagan's Review of Policing 2008 and the relevant provision in the Police and Justice Act 2006.

3. These Contract Standing Orders are designed to support the OPCC's and Force's policies relating to diversity and counter fraud & corruption.

4. They are also designed to support the principles and concepts of good governance.

3) Application of Contract Standing Orders

1. These Contract Standing Orders cover all contracting and procurement activities within the Office for the Police and Crime Commissioner for Cleveland (OPCCC). This includes supply, hire, new contract, extension of contract and renewal of contract and / or disposal, with the exception of contracts for the purchase of land, and contracts of employment.

2. The Contract Standing Orders detailed apply to all staff of the OPCCC including those under the direction and control of the Chief Constable of Cleveland Police and must be adhered to at all times.

3. Where an outsourcing agent is responsible for the management and supply of goods and services to or for the PCC, these Standing Orders shall apply, unless the PCC agrees to the contrary.

4. Where the outsourcing agent has budgets to manage, the outsourcing agent will submit annual expenditure plans to the Force and in turn the PCC. The outsourcing agent will only have authority to authorise orders and budgetary expenditure against those budgets where such approval has been granted by the PCC and the Force.

5. Any orders and contracts to be placed with the outsourced provider are to be authorised in accordance with paragraph 7 'Award of Contract'.

6. Where the PCC is acting as an agent for another body, these Standing Orders shall apply unless the principal directs to the contrary.

7. Any person who is not an Officer of the PCC or the Force engaged to manage a contract on behalf of the PCC shall fully comply with these Contract Standing Orders.

8. All Service Units, (this means all Command Units, Service Units and the Office of the PCC), will designate a manager accountable for implementation and monitoring the effectiveness of procurement activity for that business area. This manager will report on a regular basis to the Head of the Service Unit and liaise with the Procurement and Fleet Lead Busines Partner.

9. These Standing Orders aim to achieve a full audit trail and full accountability of those involved, requiring them to identify and record the contract decision-making process for all commitments.

10. These Standing Orders provide the means of deciding which procedure is to be used for a given requirement.

11. These Standing Orders cannot be changed nor departures from them made without the agreement of PCC.

12. These revised Standing Orders apply from the point at which they are formally approved by the PCC.

4) Role and Duties of Procurement

Role of Procurement

The role of procurement can be expressed simply as:

"To obtain the best overall value for each pound spent when acquiring works, goods and services, working with Service Units to ensure that value is maximised during life and at disposal."

Procurement Principle

The enhanced role of procurement is achieved when the following are recognised:

- Procurement influences more than 95% of external expenditure with suppliers.
- Procurement continually develops as a centre of expertise for Service Units.
- Procurement works jointly with Service Units to add value through the provision of services and support.

Procurement is to assist with and, where appropriate, carry out, the sourcing of products and associated negotiations on behalf of Service Units.

Role of the Procurement and Fleet Lead Business Partner or Head of Finance

The Role of the Procurement and Fleet Lead Business Partner or Head of Finance within these Contract Standing Orders is to:

1. Manage the Contract Standing Orders and procurement procedures to ensure that they are maintained in line with good procurement practice and deliver value for money.

2. Advise and make proposals to the Chief Financial Officers (Of the PCC and Chief Constable) and the PCC when it is necessary to update the Contract Standing Orders and review the Procurement Strategy.

3. Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to best practice in procurement and contracts. Develop and agree procurement strategies with senior management in line with National Guidance or mandation.

4. Take responsibility for the procurement process, although much of the actual purchasing activity will be devolved to the outsource contractor and the Service Units, as appropriate.

5. Ensure that knowledge is being disseminated throughout the organisation to ensure procurement staff and Service Units are aware of the procedures they should follow, and the suppliers they should use.

6. Set and monitor key performance indicators for procurement and contractors, and ensure that they are met. Report to the Chief Financial Officer(CFO) of the CC and through them update the CFO of the PCC and the PCC on a regular basis.

7. Generate and maintain effective business relationships that give the PCC constant, easy access to capable, efficient and highly motivated suppliers.

8. Develop and manage the PCC's purchase arrangements for supplies jointly sourced with other PCC's and with other emergency services through national and regional framework and consortia arrangements.

Role of Procurement Team including the Procurement and Fleet Lead Business Partner

The Role of the Procurement and Fleet Lead Business Partner supported by the Procurement Team within these Contract Standing Orders is to:

1. Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to procurement and contracts for all members of the team directly involved in the contract / tender process.

2. Develop and agree a procurement strategy for major contracts with the PCC, the Procurement and Fleet Lead Business Partner or Head of Finance and the Service Units, as appropriate.

3. Ensure that procurement is carried out in a professional and ethical manner that is consistent with PCC's policies and that the PCC's and Force's aggregated requirements are bought in line with the EU Procurement Directives.

4. Ensure contracts are formed detailing clear specification of requirements (that includes maintenance and consumables as appropriate) and terms and conditions appropriate to the requirement.

5. To assess whole life costs as appropriate to the requirement to determine value for money.

6. Ensure that an appropriate audit trail is maintained.

7. Ensure contract data is recorded on a contract register following award.

Role of Local Procurement

The role of a local procurement is to:

1. Support Contract Standing Orders and procurement procedures and communicate any conflict between the local approach and these Contract Standing Orders to the Procurement and Fleet Lead Business Partner.

2. Promote the use of Procurement Cards, where appropriate, for local purchases

3. Swiftly process requests from within Service Unit areas.

4. Ensure that the competitive process is maintained in line with expenditure thresholds.

5. Ensure that an appropriate audit trail is maintained.

6. Utilise and apply the PCC's Standard Terms of Contract for procurement.

7. Involve Procurement where a purchase is complex, requires special terms of contract, or contract extension, except when the requirement is within the buyer's delegated procurement authority.

5) Authorities & Controls

Procurement Principle
The review of monetary values for contract thresholds should be made in line with the review of EU thresholds on a biennial basis.

Expenditure Authority

1. Expenditure authority rests with the budget holder and/or the person with delegated budget authority.

2. All expenditure must have prior budgetary approval and the commitment will not make the budget overspent.

Procurement Authority

1. This authority is delegated by the PCC to CFO of the CC who ensures that an appropriate audit trail is maintained.

2. This authority is in turn delegated by the CFO of the CC to the Procurement and Fleet Lead Business Partner or Head of Finance in the asbsence of the Procurement and Fleet Lead Business Partner..

3. This authority may be further delegated to the Procurement Team and/or Service Units.

4. Procurement commitments cannot be made without prior budget approval.

5. No person is permitted to make commitments to suppliers unless they have direct or delegated procurement authority.

6. The Finance Team will retain a register of people with delegated procurement authority, a copy of which is retained with specimen signatures and reviewed and agreed by the CFO of the CC.

Segregation of Duties

1. The authorities relating to the contracting and procurement process are segregated between the following phases:

    - Requisition
    - Commitment (Contract Signatory)
    - Receipt
    - Payment

2. No one individual can have the authority to control more than two consecutive stages in the segregation of duties.

Disaggregation

Disaggregation, which is defined as the separation of a purchase into several smaller requisitions or contracts to avoid thresholds and competitive procedures, is not permitted.

6) Procurement Process

Procurement Involvement

1. Service Units will utilise the Procurement Team where a purchase is complicated and /or involves high expenditure and/or commercial risk (defined in Procurement Procedures).

2. A Force Procurement Strategy will be developed and adopted in line with recognised best practice.

3. Procurement activities will reflect the fact that suppliers are dealt with in an impartial, legal and ethical manner.

Procurement Principle

If the Procurement Team is to be effective, it must regularly communicate with Service Units.

Acquiring items of a high value and/or a critical nature will always be a joint effort between Procurement and Service Units, ensuring compliance with EU procurement directives as appropriate.

Procurement staff will need to take part in all stages of the process to ensure that the commercial risk is fully assessed. The procurement process starts when a Service Unit identifies a need. Service Units are encouraged to hold discussions with Procurement at this early stage, as the process of placing a contract can be time consuming.

Service Units must utilise PCC Contracts where they already exist.

Utilisation of Contractual Arrangements

1. Where Home Office, Crown Commercial Services (or successor body), and other national, regional or local collaborative contracts exist, the PCC should support those arrangements. In the exceptional circumstances where better value can be obtained from sources alternative to these, prior approval to use those alternatives must be obtained from the Procurement and Fleet Lead Business Partner. These circumstances and details of contracts must be reported annually to the PCC by the CFO of the CC.

2. Contracts should not be sought by Service Units that compete with an existing contract for similar requirements without the express prior approval of the Procurement and Fleet Lead Business Partner.

Procurement Principle

When the organisation enters a contract with a supplier it is intended to commence a business relationship that adds value to both organisations as price is not the only consideration taken into account when a contract is awarded.

It is recognised that the contracted cost of goods and services will be challenged by other suppliers in the market who will attempt to offer alternative arrangements, spot prices or special priced offers to Service Units.

If a Service Unit is made aware of or invited to buy these goods or services "Outside" of the awarded contract they should advise the Procurement and Fleet Lead Business Partner so that the alternative can be assessed for value for money.

Using such suppliers could compromise an existing contract by breaching the contractual commitment, thus damaging relations with the contractor, and/or reduce the overall value obtained.

Supplier Relationship Management

1. Supplier selection is to be based on sound business principles that recognise the quality of products and services, financial stability, equality and the ability to fulfil contracts on time.

2. Suppliers and tenderers are normally selected from an advertisement response and suppliers already known and who have a proven track record of supply. Any company can make an application to tender. In these instances the Procurement and Fleet Lead Business Partner must correctly evaluate the companies as to their suitability.

3. At the Procurement and Fleet Lead Business Partner's discretion other companies may be invited as potential suppliers as they could be more competitive or provide a more technically advanced solution than suppliers already known.

4. Contracts are awarded through the appropriate competitive process to suppliers who offer the value for money combination of commercial and technical terms that meet business needs.

5. Auditable records should be retained supporting all decisions made during the supplier selection process.

Procurement Principle

The natural dynamics of the supply market means that supply relationships will be different depending upon supplier importance and need. Relationships will range from arms-length to close collaboration depending upon the risk in the supply market, number of sources available and business requirements.

When a supply relationship develops with key suppliers of high value critical products, a strategic alliance may be created to help develop a mutually advantageous commercial relationship within defined parameters.

The preference is for suppliers who demonstrate a commitment to the achievement of world class standards and who are committed to providing continuous improvement and exceptional service.

The importance of small to medium sized enterprises (SME's) and social enterprises within the supply market is recognised. In keeping with Government guidance equal consideration will be given to such organisations in the achievement of value for money objectives during the competitive process.

In seeking value for money, buyers need to be mindful of the extra benefits of long term associations with ethical and reliable suppliers, and take care to ensure that these arrangements remain mutually beneficial.

Staff within the Office of the PCC and those under the direction and control of the Chief Constable will be in contact with supplier visitors and may on occasions visit suppliers. This creates a potential risk that commercially sensitive information will be released.

All staff should at all times demonstrate an ethical, professional approach to the supply market, demonstrably operating according to the highest standards of business practice.

The aim is that the PCC and Force are perceived by key suppliers as a preferred customer, and is seen as an organisation that behaves faultlessly by those who regulate or otherwise constrain commercial activity.

7) Competitive Process

1. A complete audit trail is to be retained for each contract, providing a record and full file detail of tender documents, detailed analyses, negotiation, clarification and subsequent decisions.

2. Contract and tender documentation must be retained as per the retention policy under the Freedom of Information Act.

3. The preferred method of tendering for all levels of requirement is the E-tendering package contained in the Blue Light system.

4. In exceptional circumstances a paper process can be utilised following prior approval by Procurement and Fleet Lead Business Partner. o Reasons for using this approach must be recorded in the tender file. In such circumstances the procedure detailed in the Procurement Procedures document must be followed.

5. All tenders and contracts must be recorded on a Contract Register

Specification Development

1. The specification should be developed as a generic performance, output and outcome based specification as the normal approach to business. This form of specification increases the ability of suppliers to compete and aids the delivery of value for money.

2. Specifications should be framed so that, as far as possible, the resulting offers can be judged against objective criteria.

3. Proprietary product specifications should only be used in exceptional circumstances (Section 9). When this event occurs the Procurement and Fleet Lead Business Partner must record the reasons in the contract file stating why a restricted competitive approach has been selected.

Procurement Principle

Specifications should be output and outcome based rather than developed in such a way as to focus on a proprietary product or single consultancy offering.

By developing generic specifications the competitive process is enhanced, enabling more organisations to compete for the business on offer.

Specification Changes

1. If a specification is changed for any reason during the tender process, the updated specification must be communicated promptly to all tenderers, giving additional time to respond, as appropriate, to the change.

2. If a specification is changed for any reason after receipt of tenders, the updated specification must be communicated to all tenderers. They must be given adequate time to respond to the change in specification and to prepare revised tenders. The process will follow the tender process.

Equal Treatment

1. Equal treatment will be given to all potential suppliers, including access to the same information and adequate time to respond to enquiries and tenders.

2. Buyers should ensure that all potential suppliers are not disadvantaged and are capable of meeting the requirement.

3. The tenders solicited remain confidential before and after the business is placed, subject to the terms of the Freedom of Information Act.

4. It is made clear to tenderers that their tenders will only be considered if they are submitted on time and in the proper format.

Procurement Process Thresholds, based on the full life of the tender

1. Requirements below £10,000 value are Low Value Procurements.

2. Requirements above £10,000 and below £50,000 value are Medium Value Procurements.

3. Requirements above £50,000 value are subject to the tender process and potentially subject to EU Procurement Directives depending on the ultimate contract value.

Low Value Procurement (those below £10,000)

1. Low value procurement will be managed through a competitive process appropriate to the value goods or service required. Full details are contained in the Procurement Procedures.

2. Where the requirement is of low value and not covered by an existing contract, the order can be placed directly with a selected supplier. The preferred method of obtaining such supplies is via or an e-procurement process or Procurement Card where appropriate.

3. The Government Procurement Card (GPC) or other smart payment processes should be used with specific contracts or suppliers that will accept the process of ordering and for ad hoc requirements.

4. The user controls are agreed between Procurement, Finance and local management for each user, setting expenditure limits per month and per transaction.

5. All procurement card users will receive specific training prior to being issued with their personal procurement card.

Medium Value Procurement (those above £10,000 but below £50,000)

1. Medium value procurement will be managed through a competitive process appropriate to the value goods or service required this process will require the test of value for money to be applied to all requirements.

2. Considering the value and potential supply risk of the requirement offers will be required from multiple suppliers to enable value for money to be determined. Full details are contained in the Procurement Procedures.

3. Service Units should engage with the Procurement and Fleet Lead Business Partner appropriate to the requirement where supply risk or complexity is identified for the requirement to ensure the appropriate safeguards and procurement planning is in place for the procurement.

4. The medium value competitive process can be managed utilising the Blue Light E-tendering software which apply the secure principles of the tendering process.

Tendering Process

The tender process will be managed utilising the Blue Light E-tendering software with the following principles applied. Paper based tender processes will be used as an exception and only following prior approval by the Procurement and Fleet Lead Business Partner.

1. Contracts above £50,000 value and EU procurement threshold will be subject to the tendering process.

2. The Force method of tendering requirements of all values is to utilise the "Blue Light" e-tendering system. This enables the full process to be completed electronically in support of the electronic document provision within the EU Directives.

3. Pre-qualified/select lists may be utilised within the Procurement Process following a business case outlining the business benefits. The pre-qualified list will not be used to negate the requirement to tender, but to short-list suppliers to take forward to be assessed against technical and price criteria. The business benefits The Procurement and Fleet Lead Business Partner may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation and will not have a negative effect on the market.

4. The Procurement and Fleet Lead Business may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation, meets the principles of transparency and will not have a negative effect on the market. The key requirements of the business case should include benefits to both supplier and buyer and demonstrate that the use of the pre-qualified/select list will deliver value for money.

5. The Buyer must consult with the Procurement and Fleet Lead Business Partner or Head of Finance as to whether a bond or guarantee is required.

6. The Procurement and Fleet Lead Business Partner will utilise Standard Terms and Conditions of Contract and determine if any additional special terms and conditions are appropriate to the requirement.

EU Procurement Procedures

1. Requirements above the EU Procurement threshold will be subject to the full EU tendering process.

2. The Procurement and Fleet Lead Business Partner will advise on the most appropriate procedure. There are five procedures that can be used as appropriate to award of contract under EU Regulations
3.
   - ***Open Procedure ~*** any company who replies to an advertisement in the European Journal can tender.
   - ***Restricted Procedure ~*** companies express an interest in tendering in response to an advertisement, and after a preliminary vetting procedure (limited to financial & technical capability), a shortlist of companies are invited to tender.
   - ***Competitive Procedure with Negotiation ~*** indicate minimum requirements and award criteria, negotiation with suppliers before submission of final tender. Reasons for using this method must be documented in the procurement plan because the scope for proceeding by negotiation is limited under EU Regulations.
   - ***Competitive Dialogue ~*** are used when developing a requirement that is long term, complex and cannot be procured through another EU procedure as described above. This approach may be utilised to develop and negotiate the agreement.
   - ***Innovation Partnerships ~*** encourages suppliers to develop works, supplies or services not currently in the market through long term partnerships. Appoint suppliers using Competitive Procedure with Negotiation and must disclose selection information, minimum requirements and award criteria.

The below processes can be used in conjunction with the above procedures:

- ***Dynamic Procurement Systems ~ utilising*** dynamic methods of procurement to improve the competitive process and assist delivery of

value for money. E-Auctions will normally be used as part of the collaborative process working with other Forces on a regional or national basis.

- ***Framework Agreements ~*** are a process of award of contract and is made as an agreement between one or more contracting authorities and one or more contractors.

Tender Receipt & Opening

Tenders will be completed via the Blue Light E-tendering systems and locked by the system until the closing date of the Tender.

1. Paper sealed tenders are registered when received, and left unopened until the due time and date. (This is automatic with the e-tendering system)

2. The paper tender documents are signed, dated and witnessed at time of opening by all present. (This is automatic with the e-tendering system)

3. Particulars of tenders received and those accepted shall be recorded. (this is automatic with the e-tendering system)

Late tenders

1. Tenders received after the closing date and time will automatically be prevented by the 'E'-tendering system from being accepted.

Errors in Tender Submissions

1. Advantage should not be taken of genuine inadvertent errors made by tenderers.

2. When the Procurement and Fleet Lead Business Partner finds an error in a tender, the tenderer will be advised that an error may exist in their offer and be given the opportunity to:
   - Confirm that the tender stands in its current form.
   - Withdraw the tender.
   - Correct that part of the tender that is in error within a specified time frame.

3. No request by a supplier to amend a tender after the time fixed for receipt shall be accepted.

Negotiation & Clarification

1. Negotiation can be used when deemed advantageous to the competitive process by the Procurement and Fleet Lead Business Partner. Negotiation will not be utilised on all occasions.

2. When negotiation is employed it should be conducted with short-listed tenderers and a record of each negotiation maintained in the tender file.

3. Negotiation focusing only on price will not be used during the tender process. During the EU Procurement Process the Procurement and Fleet Lead Business Partner can enter into "Clarification" discussions to understand technical and operational issues of the offer that may result in a change to the cost of the contract.

4. During the negotiation and clarification process the Procurement and Fleet Lead Business Partner must ensure impartiality to all tenderers invited to negotiate.

5. Negotiation will be utilised by trained buyers and will be used to enhance better value of goods and services.

6. It is unethical in negotiation practice for tenderers commercial information to be used as a lever to reduce other offers.

Procurement Principle

When employing negotiation, buyers need to be aware of the power they have in the supply market and use ethical business approaches in the planning, preparation and execution of the negotiation.

Award of Contract

1. Tender analysis should be completed using criteria determined prior to issue of tender documentation.

2. The Procurement and Fleet Lead Business Partner must record the reasons and whole life cost analysis that led to the acceptance of a value for money offer. Where the accepted bid is not the lowest cost option the reasons for acceptance need to be reported in line with para 4 below prior to contract award.

3. Suppliers may submit a European Single Procurement Document (ESPD) to self declare meeting the mandatory requirements of the tender document, however any supplier that mis-represents on their ESPD submission will be excluded from future Procurement exercises for a period of 12 months.
4.

5. The Procurement and Fleet Lead Business Partner is empowered to recommend the acceptance of tenders.

6. Tenders received shall only be accepted in the case of –
    i. Those not exceeding £150,000 - by the Chief Constable, delegated to Procurement and Fleet Lead Business Partner or Chief Executive and Monitoring Officer
    ii. Those exceeding £150,000 but not exceeding £250,000 - by the Chief Executive and Monitoring Officer
    iii. Those exceeding £250,000 - by the PCC.

7. A minimum period of ten working days must be allowed as a standstill period between the notification of an award decision and contract commencement for all EU value contracts. This is good practice and should be applied to all contracts where possible

8. All unsuccessful tenderers have the right to a formal debrief promptly or within 15 days of a written request to be debriefed following award of contract.

9. All details of the awarded contract must be entered in the contract register held by the Procurement Department.

Procurement Principle

Subjective comparisons can play a part in tender analysis. The Procurement and Fleet Lead Business Partner should avoid focusing the decision making process on them.

Courtesy and good business practice compels the PCC to explain through a formal debrief process to unsuccessful bidders why they were not selected for major / high value projects. Through this process suppliers learn how they need to improve to serve future requirements. The key is to explain objectively without divulging any technical, commercially sensitive or competitive information.

8) Signing of Contracts

All contracts exceeding £10,000 in value shall be in writing and will be signed in the case of:

i. Those not exceeding £50,000 - by the Chief Constable, delegated to Procurement and Fleet Lead Business Partner or Chief Executive and Monitoring Officer
ii. Those exceeding £50,000 - by the Chief Executive and Monitoring Officer or the PCC Chief Finance Officer

9) Signing of Contract Changes/Statement of Works

1. All contract changes/statement of works must be agreed by the person having Expenditure Authority and the relevant contract owner.

2. All contract changes/statement of works must be progressed in accordance with the terms of the contract that it applies to and in accordance with any relevant legislation, policies and guidelines.

3. All contract changes/statement of works relating to contracts that have a Total Contract Value of over £10,000 shall be in writing and signed or executed on behalf of the PCC. Where:

   i. Specification and/or operational changes with no financial value- by the Procurement and Fleet LeadBusiness Partner ii. Those changes with a Total Change Value of less than £50,000 - by the Procurement and Fleet Lead Business Partner (iii. The value exceeds £50,000 - by the Chief Executive and Monitoring Officer or the PCC Chief Finance Officer

10) Exceptional Situations

1. For requirements of an exceptional nature, advice and guidance must be obtained from the Procurement and Fleet Lead Business Partner or the Head of Finance.

2. Exceptional Situations are those created by external actions and events over which the Force has no control but has an obligation to respond.

3. All instances deemed or proposed as exceptional should be fully documented on a proforma to ensure that there is a full audit trail for all decisions.

4. Utilisation of Contract Standing Order 10 or an exemption to follow contract standing orders shall be reported by the CFO of the CC to the Audit Committee.

5. Exceptional Situations shall only be accepted in the case of -
    i. Those not exceeding £150,000 – by the Chief Constable delegated to Procurement and Fleet Lead Business Partner or Chief Executive and Monitoring Officer
    ii. Those exceeding £150,000 but not the EU Threshold – by the Chief Executive and Monitoring Officer

Procurement Principle

For the majority of situations the tender process will be utilised and exceptional situations will be taken into consideration as appropriate to the requirement.

Specifications should normally be generic and output/outcome based rather than developed in such a way as to focus on a propriety product or single consultancy offering.

Operational Emergency

1. In cases of operational emergency, requirements should be obtained from existing contracts as a priority.

2. In the event of an existing contract being unavailable, the operational commander can:
    a. Contact the nominated procurement team member for action.
    b. In the situation when a) is not available, contact an available supplier directly to provide assistance, and obtain value for money support.

3. A full audit trail is required for goods and services obtained during an operational emergency.

Proprietary Products

1. In the exceptional circumstances when a proprietary product is specified, the Procurement and Fleet Lead Business Partner must record the reasons in the contract file, stating why a restricted competitive option has been selected.

2. One or more suppliers of the product should be identified.

3. The tender process and / or direct negotiation should be utilised to obtain the value for money offer from each supplier prior to a decision to award.

4. Actions are recorded in a contract file stating reasons in an auditable form.

5. The requirement may be considered as a proprietary product when it is for repairs or works to an existing proprietary product.

6. The selection of a proprietary product does not eliminate the need to fully comply with EU procurement regulations nor compliance with any other legal requirement.

11) Subjects of General Application

Terms and Conditions of Contract

1. All contracts or purchase orders will use the PCC's Standard Terms and Conditions of Procurement as appropriate for the specific commodity group, unless otherwise agreed by the Procurement and Fleet Lead Business Partner.

2. Specially written contracts should only be required where the work is of a non standard nature.

3. The contractor may be required to provide a bond or guarantee from a parent company in a specific form.

4. All significant software development contracts must include an escrow arrangement.

Procurement Principles

Purchase orders / contracts are placed on the Standard Terms and Conditions of Purchase, which are maintained and cover the majority of supply situations.

Letters of intent should only be used in special circumstances and on the rare occasions these are required they may only be issued to a supplier after agreement and authorisation by the Procurement and Fleet Lead Business Partner or Head of Finance.

Requirements for specially written contracts and / or contracts for any one piece of work should be referred to the Procurement and Fleet Lead Business Partner who will engage appropriate Legal support.

Terms of Payment

Suppliers will be paid on time and according to contract.

Procurement Principle

Sometimes suppliers ask for "stage payments". This practice should be structured within the relevant contract, rigorously managed and appropriate payment retention applied for capital and construction projects. When they are made stage payments should be limited to the amount to cover work already performed. This keeps the risk as low as possible if a supplier's business fails.

Legitimate payments should not be delayed, or terms of payment altered, without referring back to the rocurement and Fleet Lead Business Partner.

If suppliers ask to be paid in a foreign currency, consideration must be given to the effects of fluctuating exchange rates. The exact cost should be fixed at the time of order placement. All such requests must be referred to Finance for advice and guidance.

Safeguarding Information

1. Information that is highly sensitive or has commercial value will be marked and securely controlled in accordance with the Protective Marking Scheme.

2. All documentation for a contract will be kept together securely in an easily accessible format.

3. Information and records must be retained in a format that complies with the Freedom of Information Act (2000) and Data Protection Act (1998), and the requirements of these Standing Orders.

4. Disclosure of information under the Freedom of Information Act will only be given providing it does not damage commercial interest, breach confidentiality arrangements or threaten the public interest. Guidance for information requests relating to contracts, tenders and supplier information should be obtained from the Freedom of Information Officer.

Procurement Principle

Information that is shared with suppliers is carefully vetted. Where appropriate, suppliers will be asked to sign a confidentiality agreement.

Endorsements

Procurement Principle

All requests to quote either the PCC or Cleveland Police's name or to take photographs for promotional purposes are to be referred to the Media and Communications Manager.

Environmental & Ethical Trade Considerations

Procurement Principle

Procurement must maintain value for money. In doing so, consideration should be given to the medium and long-term environmental consequences as well as short-term commercial advantage.

In all decisions, consideration should be given to products whose manufacture, use and disposal do not have a detrimental environmental effect or exploit and contravene established ethical standards and work practices, including National Living Wage and Section 2 & 4 of the Modern Slavery Act 2015

Reallocation or Disposal of Redundant Items or Equipment

1. The same competitive process will be employed at disposal if the goods have a commercial value.

2. The highest / value for money offer would be deemed acceptable.

Procurement Principle

When goods are originally received and paid for, they remain under the Service Unit's control until they are no longer needed. The Service Unit then obtains the authority to declare the goods redundant and ready for reallocation or disposal in consultation with Procurement. If there is no use for redundant equipment, then it is written off, disposed of and appropriate documentation amended accordingly by the Service Unit in accordance with Standing Financial Instructions.

Ethical Procurement

The PCC's values dictate a consistent and fair approach by all towards our community, which includes suppliers. In general terms, all purchasers of goods and/or services should be independent and behave impartially and with integrity.

At all times, the PCC and Force must be, and must be seen to be, competent and ethical regardless of the size of the supplier and their past or current relationship.

These guidelines are to protect the PCC and Force and the individual member of staff. The distinction between the courtesies of a working relationship and the acceptance of benefit for which reciprocal favours will be expected can be narrow. If a member of staff is in doubt as to the propriety of accepting any gift, benefit or advantage, they must immediately consult their line manager or head of Service Unit.

1. *Confidentiality:* Confidential information should only be sought where necessary and when obtained, should not be disclosed to third parties, particularly to other suppliers. Confidentiality agreements must be used and signed where appropriate.

2. *Conflict of interest*: If a supplier representative is known socially or is related, or if a financial interest is held in the supplier, then this should be declared to an individual's line manager and that individual should not be involved

professionally with the supplier unless senior management's approval in writing has been obtained. Involvement that may influence sourcing decisions is not permitted.

3. *Equal Opportunities*: In common with the PCC's/Force's diversity policies, procurement decisions shall not be influenced by the gender, ethnicity, religion, sexual orientation, age or disability of suppliers, owners or representatives.

4. *Fairness*: Equal opportunity should be extended to all suppliers competing for business (i.e. they should all be provided with the same information and given equal time to respond to requests/tenders, and tenders should not be invited only to make up the number, or as a strategy to bring down the price of the chosen supplier).

5. *Gifts*: No gifts (other than advertising/ promotional material of modest value such as calculators or diaries) or other benefits should be accepted by a member of staff or close family from people or organisations with whom the member of staff has business dealings or contracts on behalf of the PCC. Any and all offers of either gifts or hospitality, whether accepted or not should be recorded within the gifts and hospitality register in line with the policies of the organisation.

6. *Hospitality and entertainment*: Offers to a member of staff or close family of hospitality or entertainment of a frequency, type or scale that the PCC would not wish to reciprocate should not be accepted. Rigid definitions are not feasible however the policy on Gifts and Hospitality should be adhered to and, if they are in any doubt, decline an offer or refer to management. Even where an offer is declined it should be recorded in the gifts and hospitality register in line with the polices of the organisation.

7. *Seminar/Product launches*: These are permissible where strictly relevant to an individual's responsibilities and where the PCC pays all travel and accommodation costs.

Probity Register

Any member of staff that is offered gifts, hospitality or entertainment must record the details in line with the gifts and hospitality policy whether the offer is accepted or not. Note that the PCC also records all authorised gifts and hospitality and the register is held by Professional Standards

12) Definitions

The following terms are used throughout the procurement documentation

1. Bid ~ an offer made by a prospective supplier in the form of a tender, quotation or as part of the negotiation process.
2. Buyer / Procurement Transactional Team ~ the buyer is any individual employed by Cleveland Police who, through the use of professional procurement techniques, is authorised to make the commitment for the supply of goods or services to fulfil the Service Unit's need.
3. Procurement and Fleet Lead Business Partner ~ means a person appointed to fulfil the duties for delivery of the Procurement Strategy and drive compliance with these Contract Standing Orders.
4. Commitment ~ is the act of confirming a contract with third party suppliers and should be made by a contract or purchase order.
5. Conditions of Purchase/Contract ~ the specific conditions under which the PCC will enter into a contract or purchase order with a supplier.
6. Confirmation Order ~ an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked "confirmation order".
7. Contract ~ a legal agreement between the PCC and external suppliers for the supply of goods and services. For the purpose of these Contract Standing Orders this does not include contracts of employment for staff.
8. Contractor ~ an organisation that contracts with the PCC to supply works, goods and/or services to demand.
9. E-Auction ~ a dynamic procurement tool utilised after the tender process to enable contractors to compete on line. Normally this approach is used for high value requirements through collaborative procurement.
10. E-Procurement ~ utilisation of an electronic "procure to pay" process normally through a finance system to place orders directly with suppliers, receive invoices and pay electronically. Alternatively this process can be achieved through on line ordering systems.
11. E-Tendering ~ utilisation of an electronic tendering process that enables the full process from advert to assessment to be completed via computers, significantly reducing timescales for both the buyer and supplier.
12. Ethical Guidelines ~ the code of behaviour and conduct that governs the correct and professional manner in which to conduct business with third party suppliers.

13. Framework Agreements ~ an agreement between one or more contracting authorities (CCS, Police Forces, Consortiums) with one or more contractors to supply a range of works, goods or services.
14. Internal Supply Markets ~ these are "in house" markets operating within the financial framework delegated to the Force, requiring budget transfers rather than cash payments and operating to agreed service levels.
15. Legislation ~ includes subordinate legislation.
16. Letters of Intent & Heads of Agreement ~ a legally binding communication instructing the supplier to proceed with the supply of goods or services pending completion of contract documentation.
17. Outsourcing ~ an outsourcing project is one which delivers a function or service through, or in conjunction with, a third party external to the Force.
18. Pre-Qualified List ~ A list/register of suppliers for specific categories of works/services who have been pre-qualified to government standards, following the current understanding of EU Public Procurement Legislation and Local Government Act.
19. Procurement ~ the person or department who has the authority to contract with third party organisations for the supply of goods and services.
20. Procurement Cards ~ a charge card used by authorised cardholders to make direct purchases from suppliers. The cardholder can only make purchases within their personal usage expenditure limit and within the terms of a supply contract. This approach simplifies the procurement process.
21. Procurement Plan ~ the procurement plan is the record of the procurement strategy development for a particular purchase and forms the basis of future purchase planning for that requirement and an audit trail.
22. Procurement Teams ~ there are effectively two styles of procurement teams:
    - A Procurement Team that deals with strategy, high value / high risk and EU procurement, and represent the Force at Regional and National Procurement levels, and provides support, advice and guidance to Service Units.
    - Service Unit procurement (Local Procurement) which consists of locally trained staff that deal with local requirements within the scheme of delegated procurement authorities.
23. Proprietary Product ~ a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product.
24. Purchase Order ~ a serial numbered document raised by the buyer on a specific supplier for the supply of goods or services. This document is a formal legal agreement with specific conditions for the supply of goods.

25. Purchase Order Amendment ~ a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order this document is a formal legal agreement with specific conditions for the supply of goods.
26. Purchase Requisition ~ the formal request to obtain the supply of goods or services made by the internal client, authorised by the budget holder and passed to the relevant procurement team.
27. Quotation ~ a statement of price, delivery and specification against the specific enquiry provided by a specific supplier.
28. Service Units ~ the person, department, basic command unit, or service unit who holds the financial budget, and has the authority to raise requests for goods and services. This also includes the PCC.
29. Services ~ including the provision of cleaning, consultancy, maintenance, agency staff and similar non-tangible requirements.
30. Specification ~ a clear statement of requirement for goods and/or services, normally detailed as a generic specification to enable competition and the delivery of Value for money.
31. Supplier ~ an organisation that contracts with the PCC or its outsourced contractor to supply goods and services to the PCC.
32. Tender ~ a formal offer from a supplier to supply specified goods or services at a stated cost or rate.
33. Tenderer ~ a supplier offering to buy or sell a product. This term applies prior to the formation of contract.
34. The PCC ~ refers to the Police and Crime Commissioner for Cleveland.
35. Total Contract Value ~ the total value of a requirement calculated as the value of a "single" purchase and or the value of the total contract period or four years whichever is the lesser value.
36. Total Change Value ~ the total value of a new or removed requirement to an existing contract, calculated as the value of a "single" additional/removed purchase and or the total value of the change for the period of the contract for which the change refers to.
37. Value for money ~ a combination of criteria that includes competitive price, quality, reliability, timeliness and whole life costs analysis. This is not always portrayed by the lowest priced offer.