

PART 4.10

CONTRACT PROCEDURE RULES

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4.10.1 Introduction, Scope and Principles

These Contract Procedure Rules are made under the Procurement Act 2023 and other legislation such as section 135 of the Local Government Act 1972 and govern the making of contracts for and on behalf of the Council.

The purpose of these Rules is to provide clear guidance on how to purchase and if appropriate award a contract for:

- Goods
- Services
- Works
- Concessions
- Public Sector to Public Sector Trading

Procurement routes the Council can employ in order to reach a contract award are:

- Procurement Card
- Quotation
- Tender
- External/Internal Framework Agreement
- External/Internal DPS (Dynamic Purchasing System) for the avoidance of doubt a DPS let under the Public Contract Regulations 2015 shall continue under the Transitional Provisions of the Procurement Act 2023. They will expire on 27/10/2028 or the expiry date given in the DPS whichever is earlier
- Dynamic Markets
- eAuction

The Rules are intended to promote good purchasing practice, value for money, public accountability and deter bribery and corruption. They aim to ensure:

- True and fair competition for contracts
- Clear and auditable procedures
- Accountable and compliant process
- Enable ongoing development and maintenance of a central contracts register.
- The Council to use its purchasing power for the benefit of the local economy, environment and community under its jurisdiction.

The provisions contained in these Rules are subject to the statutory requirements of the United Kingdom Government. The letting and content of contracts shall conform to all statutory requirements relating to contracts and procurement.

4.10.2 Definitions

Lead Procurement Officer	Procurement Services Officer leading on the procurement process
Council	Chelmsford City Council
Directors	Service Directors are responsible for ensuring that officers within that directorate comply with the Contract Rules, Financial Rules and the Regulations*
Procurement Services Manager	Shall ensure that Council procurement is carried out with due diligence and in the spirit of true, fair and transparent competition, and that the Council meets its all its obligations under the Regulations* <i>Please see Procurement Manual for specific tasks.</i>
Local Government Transparency Code	Requirements for local government to publish open data on spend of £500 and above
Regulations*	<ul style="list-style-type: none"> • Procurement Act 2023 • The Procurement Regulations 2024 and Cabinet Office Guidance • Health Care Services (Provider Selection Regime) Regulations 2023 • Public Contracts Regulations 2015 (for contracts procured under these regulations) • Concessions Regulations 2016 (for contracts procured under these regulations) • The Public Services (Social Value) Act 2012 • National Procurement Policy Statement (NPPS) 2025
Legal Team	The Council's internal legal team OR external solicitors /counsel
Service Managers	Contract management responsibilities, and responsible for all service spend to be made in line with these rules
Goods	Supplies or materials
Threshold	The level of spend that dictates the rules or regulations that apply to a procurement
Contract	Any form of contract, agreement for the supply of Goods, Works and/or, Services that the Council enters
Contractor	Any person, partnership, company or any other organisation which provides or offers Goods, Works and/or Services to the Council
Dynamic Purchasing System (DPS)	A long running, completely electronic procurement tool used for commonly available works, services and goods. Qualifying contractors can join at any time and participate in mini competitions for contracts.
Framework Agreement	<p>An agreement, with one or more contractor, that establishes the standard terms and conditions of supply over a fixed period of time with no pre-set volume information.</p> <ul style="list-style-type: none"> • Internal – setup by the Council for use by us and other specified public bodies

	<ul style="list-style-type: none"> • External – setup by another public body and accessible by the Council
LTR	Light Touch Regime – relates to procurements that are generally of low interest to cross border competition e.g. social, health and education services
The Procurement Manual	This document is a Practice Note for day to day use by Council staff. The manual provides detailed guidance on procurement processes pursuant to the UK Public Procurement Legislation and Regulations and National Procurement Policy Statement 2025, the Council's internal rules and its responsibilities and duties therein. The Manual should be referred to for all technical aspects of a procurement and further advice can be provided by Procurement Team.
The Procurement Strategy	This document details the aims and objectives of the Council's procurement activities including the social, environmental and economic impact of these activities in line with National Procurement Policy Statement (NPPS) 2025

4.10.3 Key Considerations

Before commencing any procurement using public money, officers must understand the following:

1. The contract value - dictates which procurement routes can be used.
2. Strategic nature and public interest in the procurement - influences which of the allowable routes is most appropriate.

a. Estimating Contract Value

The value of a contract is the total amount the Council expects to pay (or receive), net of VAT, over the length of the agreement, including any extension period or stated add-ons such as maintenance and support costs.

If the contract is for an uncertain or unfixed term, the value is the amount the Council expects to pay (or receive) over four years. This could be, for example, the monthly value multiplied by 48. If the contract is broken into lots, all lots must be factored into the total.

For Internal Framework Agreements / DPS / Dynamic Markets, the value should be based on the level of anticipated spend from all parties with access.

b. Aggregation/Disaggregation

The Council is required to aggregate need whenever it is possible to do so. Aggregation groups together demand for commonly purchased goods and services to harness greater economies of scale and seek better value for money. Aggregation results in a single contract to manage as opposed to several smaller contracts.

Disaggregation, an offence under the Regulations, is the reverse, dividing up similar requirements into smaller contracts to remain below the relevant procurement threshold.

c. Procurement Thresholds

i. External Thresholds

The Regulations require a full tender process to be undertaken when the value of the contract exceeds a set level. The tender has to be advertised and follow guidelines provided in the Legislation / Regulations. These thresholds are set by the Government and reviewed every two years. There is a threshold for each category of spend.

Category	Threshold (2024-2025. Including VAT)	Example
Works	£5,372,609	Constructions, repairs, maintenance
Goods / supplies	£214,904	Stationery
Services	£214,904	Cleaning

Concessions	£5,372,609	Bailiffs, catering
Light Touch Regime	£663,540	A specific set of rules for certain service contracts falling under specific CPV codes e.g. educational services, veterinary services and barrister services. These types of contracts are subject to more flexible procurement rules
Land Lease & Property	Neither the procurement rules stated here, or the Procurement Regulations apply to contracts of this type	

ii. Internal Thresholds

Below the Government thresholds the Council has set its own spend limits. The limits reflect the need to comply with government transparency rules, as well as procurement law. These limits provide guidelines for the method of procurement that should be used, and the associated authority needed to undertake it. The table below provides a broad outline with further detail and services should consult with the procurement team to ensure compliance.

Threshold Contract value over life of agreement	Sub-threshold	Notes	Level of Authority Required
Up to £100,000	£5k and above	The agreement to purchase (contract) and contract period should be recorded on contract register. This enables transparency reporting requirements to be met. No, requirement to undertake 3 quotes or similar	Service Manager
	Up to £25k	Ideally 3 quotes. Evidence held by service	Service Manager
	£25-50K	3 quotations with procurement notified prior to the process being undertaken	Service Manager and notify procurement
	£50-99k	Procurement to run quotes/tender/framework process	Service Manager in consultation with Procurement Manager
£100,000		Procurement team involvement is required Tender or framework will be required	Service Director/ Service Manager and Procurement Manager

	Route to Market Assessment to be carried out and procurement team will manage the procurement	
Spend over £214,904 (including VAT) net cost £ <i>Goods & Services</i>	Falls under the Regulations, a full tender process is required Procurement team involvement is mandatory to ensure compliance with Regulations Route to Market Assessment to be carried out	Director and Procurement Manager
Spend over £200,000	Key Decision. Please contact Legal Services	

e. Strategic / Public Interest Considerations

Regardless of the contract value, Service Managers must consider the likely impact of the procurement on internal and external stakeholders. If the proposed activity is of a contentious nature, (perceived or actual) high risk, or relating to matters that affect public sensitivities, then advice should be taken from Procurement Team.

4.10.4 General Notes – Apply to all Procurement Procedures

a. eProcurement

eProcurement is a requirement under the Regulations; all communication with potential contractors must be in electronic format. eProcurement provides a comprehensive and complete audit trail, enabling the Council to meet its accountability and compliance obligations.

Officers must remain mindful of commercial confidentiality and Data Protection legislation in all dealings with suppliers and external bodies.

b. Procurement Documentation & Retention Thereof

The Procurement Team will work with Services to produce ITTs (Invitations to Tender) and RFPs (Requests for Proposals) for procurements above the Government threshold and of strategic importance.

Statutory rules require a specific set of documents to be published as part of the tender pack.

The Legal Services Team will provide appropriate support and guidance as and when required in conjunction with Procurement Team.

c. Responsible Procurement

The Council is required to consider how a procurement project might improve the economic, social and environmental wellbeing across its area.

These outcomes are fully defined in the Procurement Strategy; please consult the Procurement Team for more information.

Procurements that may result in pollution, waste management issues, high energy use or have any other notable environmental impact should have relevant mitigating requirements built into the specification. Evaluation and scoring schemes should contain criteria that enable Council staff to fully consider and score these elements in each submission.

d. Terms and Conditions of Contract

The Regulations must be adhered to when undertaking a procurement above the legal threshold.

All agreements must be in written English, price must be stated in British currency and subject to the jurisdiction of English Law.

British standards must be used where they are applicable to the subject of a contract.

Where the Procurement Team has undertaken a process on behalf of a Service Manager, the Lead Procurement Officer will take responsibility for instructing the Legal Team to prepare or approve the terms and conditions of a contract if required. This applies whether the contract: was created by the Council; is based on the supplier's terms and conditions; or forms the basis of a call off agreement from a Framework Agreement.

e. In-house Services

Where the Council has an in-house service, external companies must not be used for these services unless the Service Manager responsible for the in-house service confirms specifically that they are unable to meet the requirements on that occasion.

f. Public to Public Trading

If the Service Manager is considering entering into a contract with another public body, early advice must be sought from the Procurement Team. It should not be assumed that arrangements entered between the Council and other public bodies are outside the scope of the Regulations.

g. Contract Award / Value for Money

The Council operates under the 'Duty of Best Value' which requires overall value, including economic, environmental and social value, to be considered when reviewing any service provision.

Social Value is a statutory duty of the Council for services over the Government threshold, however, these principles should be applied to all the Council's procurement activity. Social

value considerations should be built in at the pre-procurement stage; consulting with local third sector representatives as and when deemed appropriate.

The Regulations require the Council to award contracts to the most advantageous tender (MAT), and the MAT is the tender that both satisfies the contracting authority's requirements and is the best tender in respect of the award criteria. The award public contracts on the basis of MAT means it is not the 'cheapest wins' but looks at cost alongside qualitative, environmental and social criteria. The balance of award criteria will be considered, on a procurement by procurement basis.

Due Diligence checks are undertaken to review performance, reputation and financial stability of prospective suppliers, and can be part of the award criteria or used as a pass/fail criterion.

4.10.5 Procurement Activity

a. Contracts up to £25,000

The Service Manager is responsible for these procurements but may access Procurement Team support as required. Quotations, frameworks and DPS are all possible procurement options.

If the procurement is strategic in nature, high risk, impacts on other services or has wider implications across the Council and/or the provision of its services, apply the guidance under section c.

All procurement agreements with suppliers over £5k should be recorded on the Council's Contract Register. This will enable the council to comply transparency reporting. Advice on the use of contracts register can be obtained from the Procurement team.

b. Contract Value of between £25,000 - £50,000

If the procurement is for non-critical, non-strategic goods, services or works the minimum requirement is for three quotations known as Request For Quotations (RFQs)

Frameworks, DPS can be used.

If the procurement is strategic in nature, high risk, impacts on other services or has wider implications across the Council and/or its service provision, apply the guidance under section C below.

c. Contract Value above £50,000 - £100,000 (and any strategic procurement)

Prior to undertaking any type of procurement exercise, the service must engage with the Procurement Team to seek advice on the best and most appropriate process to meet the identified need. This will result in a Route to Market Assessment being prepared.

For strategic level contracts a Business Case may also be required. This could involve all, or some, of the following actions/plans:

1. Needs assessment
2. Route to market assessment
3. Plan for stakeholder engagement
4. Market assessment
5. Risk assessment
6. Financial implications assessment
7. Social value assessment
8. Environmental and Ecological Impact assessment

The Business Case must be signed off by the Service Manager and Procurement Services Manager

The Procurement Manual provides detailed guidance regarding these topics as well as proforma documents.

Framework and DPS options will be investigated as part of the Route to Market Assessment.

d. Contracts Above £100,000

Procurement Team involvement is required.

Tender or framework will be required; and

Route to Market Assessment to be carried out and procurement team will manage the procurement

e. Contract Value above Government Threshold

A full tender process is required. This process must only be undertaken with the full involvement of the Procurement Team.

Please be aware that a full process takes around 12 weeks to complete. Please ensure you advise the Procurement Team of your plans in a timely manner to enable a schedule to be put in place.

Framework and DPS options will be investigated as part of the Route to Market Assessment which will require approval by the Procurement Services Manager and Management Team.

f. Executive Decision / Key Decision

An Executive Decision is taken by the Leader, the Cabinet or delegated to a committee of the Cabinet, a Cabinet member or an officer, and is publicly notifiable 28 days prior to being taken. A key decision has expenditure of above £200k or 20% or more of relevant

expenditure. Full details see Part 2 Articles of the Constitution. Please refer to the Council's Monitoring Officer for how this may impact on your procurement.

g. Contract Signing (New Section)

Contract Type	Amount	Who can sign the contract?	Legal Involvement	Notes
Framework call-off contract	Up to 500K	Service Manager	Procurement determines if legal involvement required based on complexity	
	£500k+	Director	Procurement determines if legal involvement required	
	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	
CCC Standard Service and Minor Works Contract	Up to 200K	Service Manager	Procurement determines if legal involvement required	
	£200k+-	N/A	N/A	N/A Wouldn't be used with this level of spend.
	Contracts over 3 years but only if also in excess of £1m	N/A	N/A	N/A Wouldn't be used with this level of spend.
Supplier Terms and Conditions	Up to 200K	Service Manager	Procurement determines if legal involvement required	Note very unlikely to be used with over threshold spend. Higher risk contracts.
	£200k+	Director	Procurement manager consult with legal	Note very unlikely to be used with over threshold spend.
	Contracts over 3 years but only if also in excess of £1m	Chief Executive	Legal involved	Note Very Unlikely to be used with this level of spend.
JCT/NEC/ Other Building Contract	Up to 500K	Service Manager	Legal involved	Building Services Complete + Service manager to Sign Contract
	£500k+-up-to £1m	Director	Legal involved	Building Services Complete, Checked by Legal, Signed by Director
	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	Building Services Complete, Checked by Legal, Signed by Chief Exec

Other CCC Contract Terms e.g., internal framework , bespoke contract	Up to 500K	Service Manager	Legal involved	
	£500k+	Director	Legal involved	
	Contracts over 3 years but only if also in excess of £1m	Chief Exec	Legal involved	

Circumstance for use of contract under seal procedures

All Works contracts from 1 million and above shall be sealed.

All those sensitive service contracts which may have a long term effect will be sealed for a longer period of limitation. Service Manager in consultation with Procurement and Legal Services will determine this.

All sensitive public health contracts valuing from £500k and above will be sealed. Such sensitivity to be determined by the relevant Service Manager in consultation with Procurement and Legal Services.

4.10.6 Frameworks, DPS, eAuctions

a. External Agreements

The Council is eligible to use a wide range of Frameworks DPS (remaining under PCR 2015) and Dynamic Markets created by other public sector bodies. The Procurement Lead must ensure that the Council is lawfully able to use the Framework or DPS; the Procurement Team can provide advice and assistance on use. They must also establish that there is a clear benefit to the Council of using a Framework, PS or Dynamic Market over other procurement options.

For procurements exceeding £100k or those of a particularly strategic nature, a Route to Market Assessment must be undertaken.

The Framework, DPS or Dynamic Market rules must be adhered to at all times.

Where the use of a Framework/DPS/Dynamic Market is subject to signing an Access Agreement, this document should be authorised by the Procurement Services Manager.

The Procurement Team must be advised of any contracts entered into via an external agreement, regardless of value.

b. Internal Agreements

The Council can create its own Framework, DPS or eAuction, using its eProcurement software where it is in the Council's best interests to do so.

Use of the Framework/DPS will be mandatory across the Council for all goods, services and works that have been included in the scope of the arrangements.

Should the supply be of a significantly higher than normal value, the Procurement Manager should be consulted to establish if new rates should be sought, or an alternative procurement method used.

Internal Agreements can only be created with the agreement of the Procurement Manager.

c. Compliance Register

A compliance register entry can be used in some specific circumstances to waive the requirements of the Contract Procedure Rules. Full details of the specific circumstances are set out in the Procurement Manual. The compliance register waiver cannot be used for Procurements above the legal thresholds.

d. Value Engineering & Negotiation

The Procurement Act 2023 allow, in some circumstances, a tender process to be switched to a negotiated procedure. Please see the Procurement Manual for detail of a negotiated procedure. This can only be used where the nature of the original competition is not substantially altered and does not artificially restrict competition.

e. Basis of Procurement Involvement

- The Council's Procurement Department has an obligation to ensure compliance with the applicable legislation.
- Procurement is responsible for ensuring that all public contracts are awarded after following the required procedures as required by the applicable legislation including, but not limited to the Procurement Act 2023, Procurement Regulations 2024 and the Council's Contract Procedure Rules.
- In view of the above Officers and Service Managers should always consult and seek advice from Procurement when considering entering into any contract arrangements with outside suppliers / contractors.

4.10.7 General Contract Matters

a. Review, Contract Register and Monitoring

During contract preparation the Service Manager should appoint a Contract Manager (who may be mentioned in the contract itself) to monitor the Supplier's performance.

Further guidance regarding the management of contracts is covered in the Procurement Manual.

Details of the contract shall be stored centrally. To meet transparency requirements services should store contracts on the Council T1 contracts register. The threshold is for contracts/records above £5k. However, it is accepted this should be gradualist development of register, by taking a multi year approach. It will take several years to move from the current practice of only recording key contracts. The increased information of contracts reflects the £5k publication requirements set by the transparency code.

b. Contracts Finder

The Procurement Team will produce and publish information regarding contract award on all platforms required by the Regulations. In addition, the team will provide a post procurement report, if required by the Regulations or, by the service if not required by the regulations, or if high risk procurement.

c. Contract Variation, Modification or Termination

During the term of a contract modifications may be proposed, which, if adopted, would result in additional works, goods or services. There are significant limitations upon the Council's ability to make such modifications, especially when the Regulations apply. There are tolerances allowed within contract variations under Sections 74 to 77, Schedule 8 and Regulation 40 of the Procurement Act 2023.

Before discussing any variation or modification with the Supplier, the Service Manager must seek advice from the Procurement and Legal Teams.

d. Extensions

If an extension period is clearly stated in the contract, the option is available to extend. Before exercising a contractual right to extend, the Service/Contract Manager must consider whether it is in the best interests of the Council to continue with the contract by examining performance to date and any changes in cost both under the terms of the contract and also in the wider market. variations.

Any extension will require the agreement of both parties. Please contact the Procurement Services Manager for further advice.