



HOUSES OF PARLIAMENT
PARLIAMENTARY PROCUREMENT & COMMERCIAL SERVICE

Parliamentary Procurement Rules

Document Revision History and Key Facts

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001	01/01/15	PPCS Director	Discretionary	01/01/16	

Table of Contents

	Page
1. Overview	03
2. Purpose of this Document	03
3. Procurement Principles	03
4. Roles and Responsibilities	04
5. PPCS Organisation	05
6. Procurement Process	07
7. Procurement Thresholds	08
8. Contract Value	09
9. Low Value Contract	09
10. Medium Value Contract	10
11. High Value Contract	10
12. The Restricted Procedure Map	12
13. The Open Procedure Map	13
14. The Procurement Cycle	15
Stage 1: Identify the need	16
Stage 2: Develop a business case where required	16
Stage 3: The procurement approach	17
Stage 4: Market and suppliers	17
Stage 5: Tender and evaluation	18
Stage 6: Award and implement the contract	20
Stage 7: Manage the contract	22
Stage 8: Closure and lessons learned	22
15. Risk Management	23
16. Budget and Approvals	23
17. Business Case	24
18. Supplier's Financial Appraisal	24
19. Waivers	25
20. Sustainable Procurement	27
21. Baseline Personnel Security Standard pre-employment checks for suppliers and agencies	27
22. Document Retention	28
23. Where to Get Help	29

Date of last review	01/01/2015
Date due for review	01/01/2016

1. Overview

- 1.1 Public sector procurement is governed by UK regulations that implement the EU procurement directives. As publicly funded organisations, the House of Commons and House of Lords (“the Houses”) must abide by a set of procurement rules which will ensure compliance with procurement regulations and at the same time ensure that all projects are delivered in a compliant manner to the required level of service, time, cost and quality.
- 1.2 The Parliamentary Procurement and Commercial Service (‘PPCS’) oversees all procurements carried out in the Houses and provides procurement services as defined in the [Service Level Agreement](#) between both Houses. PPCS must be consulted about the most appropriate procurement route for contracts.
- 1.3 PPCS provides professional procurement advice and support with regards to procurement or contracts of any size. The role of PPCS is to work in partnership with budget holders, project leaders, project managers, contract managers and end users (“clients”), and to ensure that, through the application of professional skills and knowledge, value for money is obtained from clients' purchasing budgets.
- 1.4 This Policy document is sponsored by the Finance Directors and owned by the Director of PPCS. The Head of Governance in PPCS is responsible for ensuring its delivery.

2. Purpose of this Document

- 2.1 The Parliamentary Procurement Rules (“Procurement Rules”) have been developed by the PPCS which is responsible for providing advice and support to staff throughout the various stages of the procurement and contract management life cycle.
- 2.2 This document is not an alternative to seeking professional advice from PPCS, it provides relevant tools necessary to enable staff to carry out the procurement activities and should be used in the first instance whenever buying goods, services or works. The rules set out in this document are mandatory for all departments of both Houses.
- 2.3 This document is a companion to the Parliamentary Contract Management Strategy and Rules.

3. Procurement Principles

- 3.1 All expenditure on works, services and supplies must satisfy the following principles:
 - There is a demonstrable need for the works, goods or services;
 - There is no current in-house or external agreement that can legitimately be used;
 - Fair and open competition will be pursued unless exceptional circumstances justify otherwise;

Date of last review	01/01/2015
Date due for review	01/01/2016

- Opportunities to work collaboratively across departments, both Houses, government bodies or other public sector bodies have been explored;
- The expenditure will achieve value for money;
- Savings and efficiencies will be explored both prior to and after letting or renewing the contract;
- The expenditure complies with all legal requirements and does not expose the Houses to risk of legal challenge, payment of compensation and fines, or reputational risks beyond their risk appetite;
- The Houses' objectives beyond compliance and value for money ("vfm"), including diversity, sustainability and environmental protection are considered during the procurement process.

3.2 In principle joint contracts between the Houses is preferred to separate contracts, and good reason will be required to let unicameral contracts. In respect of catering, any exception will require the approval of the Lords Directors of Facilities and Finance.

4. Roles and Responsibilities

4.1 PPCS is responsible for:

- Assessing if there is a genuine need for the procurement and that there is no in-house capability to provide the requirements.
- Reviewing the documents prepared by Clients for the procurement process (including specification) before they are issued to the suppliers.
- Assessing if there are other framework agreements or corporate contracts in place that can be used.
- Manage procurement projects over £10,000.
- Ensuring that due consideration is given to the suitability of the contract to Small and Medium Size Enterprises (SMEs) and Social Enterprises in all procurement activities in order to increase their presence in our supply chain.
- Ensuring that appropriate procurement procedures are used and that they are relevant to the size and complexity of the contract.
- Ensuring that appropriate procurement templates matching the recommended procedure are up to date and available.
- Reviewing the tender evaluation process to ensure fairness, compliance and conformance with issued tender documents and our procurement policy.
- Advertising contract notices and contract award notices on the Official Journal of the European Union (OJEU).
- Intermediating the appeal process.
- Saving all relevant procurement documentation related to the procurement process including the final contract in SPIRE.
- Maintain a contracts database with contract details once they have been awarded, extended, renewed or terminated.
- Develop contract management strategy and guidance and deliver advice in that area for contract managers in each House.

Date of last review	01/01/2015
Date due for review	01/01/2016

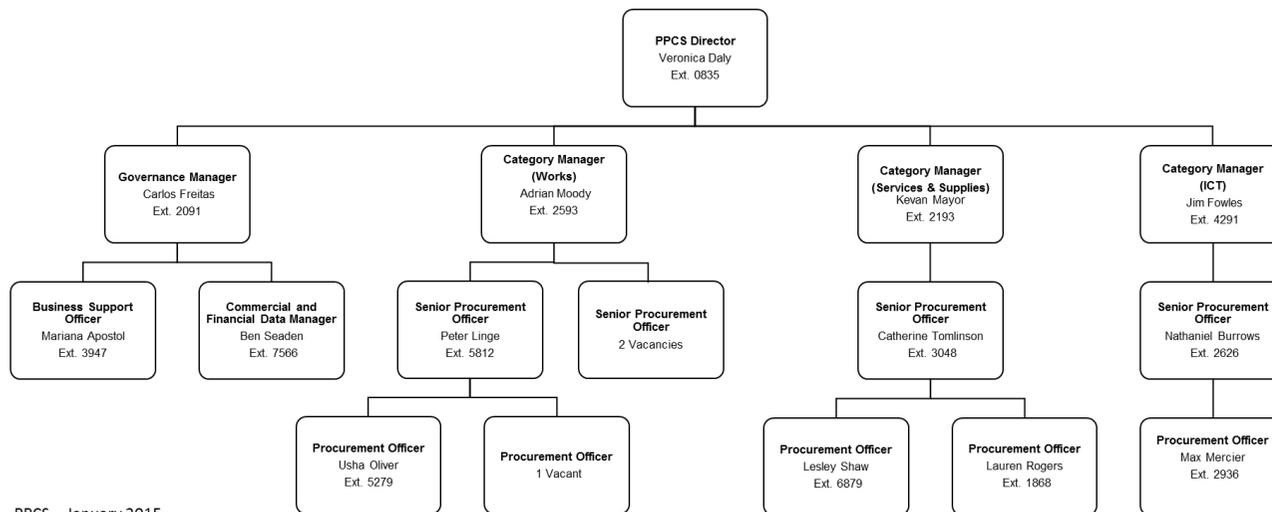
4.2 Clients are responsible for:

- Writing unambiguous specifications and ensuring that they clearly state what is required, when it is expected to start and finish, delivery requirements and factors such as security and environmental conditions.
- Ensuring sufficient financial resource to spend on the requirement.
- Appointing a member of staff who will be responsible for leading on the technical aspects of the project.
- Agreeing a procurement strategy for the particular requirement, i.e. how the goods or services will be procured, in what timeframe and with what approach.
- Allowing sufficient time for the procurement to be undertaken effectively.
- Agreeing a timetable with PPCS and ensuring that key staff are available when required.
- (Not for Lords only contracts) When defining requirements, ensuring that the business case takes full account of any equality impact, which must be undertaken before the procurement begins.
- Ensuring that environmental, social and economic factors have been taken into account to support our [Sustainable Procurement Policy](#).
- Identifying the risks associated with the procurement and considering the contingency options available.
- When drafting evaluation criteria ensuring objectivity and transparency.
- Ensuring that value for money can be evidenced in the procurement project. Value for money is a combination of competitive price, quality, timely delivery and meeting requirements.
- Using PPCS standard terms and conditions.
- Ensuring that the appropriate level of delegated authority has approved both procurement project and the award decision. See [House of Commons - Finance Rules](#) and the [House of Lords Finance Manual](#).
- Maintaining a clear and documented audit trail for all steps of the procurement process.
- Providing an effective means of managing any ongoing contractual relationship. The [Parliamentary Contract Management Strategy and Rules](#) outline detailed guidance on this area.

5. PPCS Organisation

- 5.1 PPCS is structured into category teams. Whether you intend to buy works, services or supplies, each category team will be able to provide advice with the relevant level of expertise. PPCS will also assess the most appropriate procurement procedure.

Date of last review	01/01/2015
Date due for review	01/01/2016



PPCS – January 2015

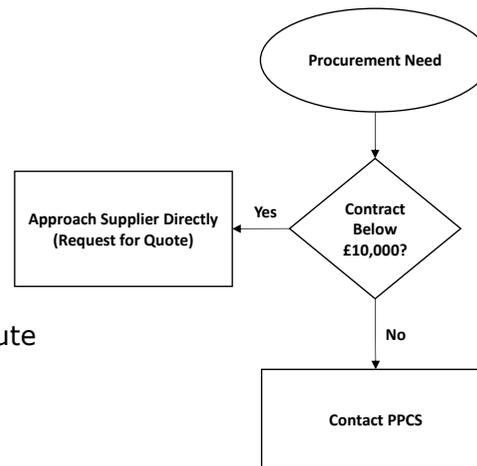
Date of last review	01/01/2015
Date due for review	01/01/2016

6. Procurement Process

- 6.1 There are various options available when considering which procurement process will provide best value for money whilst also complying with the relevant legal requirement.
- 6.2 When spend is below £10k, the client may approach a single supplier direct and PPCS' involvement is limited. Above £10k, the client must work through PPCS, but between £10k and £50k it is sufficient to compare three quotes. Open competition must be followed when spend is over £50k and is the best way to achieve demonstrable value for money and also to increase awareness of a contract to attract potential suppliers. The form of competition used should be appropriate to the value and complexity of the required product or service.
- 6.3 The list below outlines the procurement procedure routes commonly used by the Houses leading to contracts with suppliers.

- Request for Quote
- Request for Proposal
- Open procedure EU/Non-EU
- Restricted procedure EU/Non-EU
- Framework Agreement
- Negotiated
- Single Tender Action

Click [here](#) to learn more about each route



Date of last review	01/01/2015
Date due for review	01/01/2016

7. Procurement Thresholds

7.1 Finding suitable suppliers depends on the value, complexity and size of your requirement. The thresholds below should be considered when planning a procurement project:

Type	Expenditure Limits	Typical Risk	Procurement Route	Typical Timescales(*)	Process Owner
Low value					
Goods, Services and Works	Less than £10,000	Low	1 written quote	1-2 weeks	Project Lead
	£10,000 - £50,000	Low	A minimum of 3 written proposals	2-4 weeks	Project Lead + PPCS
Medium value					
Goods and Services	£50,001 – £111,675	Med – High	Competitively tender or use Frameworks	4-8 weeks	Project Lead + PPCS
Works	£50,001 – £4,322,011	Med – High	Competitively tender or use Frameworks	4-12 weeks	Project Lead + PPCS
High value					
Goods and Services	£111,676 +	High	EU procedures or use Frameworks	3-6 months	Project Lead + PPCS
Works	£4,322,012 +	High	EU procedures or use Frameworks	3-6 months	Project Lead + PPCS

(*) Timescales are estimated and apply to time spent on procurement process only, does not include business case preparation or approval times.

Date of last review	01/01/2015
Date due for review	01/01/2016

8. Contract value

- 8.1 For these purposes, the value of a contract is its expected cost over its whole life, including any possible extensions, excluding VAT.

9. Low Value Contract

- 9.1 Purchases below £50k are considered to be 'Low Value Procurement' and follow a simpler process that is nonetheless subject to EU treaty principles including non-discrimination, equal treatment and transparency. These procurements must also provide demonstrable value for money through maximising competition where possible.
- 9.2 For low value requirements above £10k, suppliers are usually selected on the basis of lowest cost but there may be occasions when quality or timeliness is more important. Evidence that value for money has been achieved must be recorded by the Project Leader and communicated to PPCS.
- 9.3 A business case is not obligatory for this value of spend and each stage in the procurement cycle should be less formal and time consuming than for medium or high value procurements, unless the service or goods being procured are critical, sensitive or particularly complex.
- 9.4 As a minimum, the specification of requirement must be provided, together with reference to the terms and conditions that will apply and timescales for delivery. The standard Houses terms and conditions must be used except for PED contracts, where GC Works' terms and conditions must be used.
- 9.5 There are no set timeframes for a quote to be returned, though suppliers should be allowed sufficient time to put a considered response together.
- 9.6 Where there is no existing contract or framework agreement in place, the following process will apply:
- 9.6.1 Contracts with a lifetime value below £10,000
- a) Project lead consults PPCS to ensure the correct process is being used;
 - b) Project lead invites a minimum of 01 supplier to submit a quote or proposal.
 - c) The supplier(s) may be contacted directly by the project lead or project manager;
 - d) There is no need to use the e-tendering portal.

Date of last review	01/01/2015
Date due for review	01/01/2016

- e) Where more than one supplier is invited, the award should usually be on the basis of the lowest price but see the provisos in paragraph 9.2 above.
- f) Information about the process and award is recorded by the Project Lead.
- g) Information about the contract is sent to PPCS (PPCS@Parliament.uk) to ensure it is included on our contracts data base.

9.6.2 Contracts with a lifetime value between £10,000 and £50,000

- a) Project lead invites a minimum of 3 suppliers to submit proposals;
- b) Award criteria should be used and suppliers are usually selected on the basis of lowest cost but there may be occasions when quality or timeliness is more important.
- c) PPCS will manage the procurement via the e-procurement portal, provide advice and support, upload tender documents to the e-tendering system and save each supplier’s response to the relevant contract folders in SPIRE.

9.7 More information on how to conduct a low value procurement process can be found in the Low Value Procurement—Guidance and Procedures.

10. Medium Value Contract

10.1 A **formal** competitive tender process must take place in order to award contracts within the following thresholds:

Services and Suppliers: £50,000 to £111,676
Works: £50,000 to £4,322,012

10.2 Advice from PPCS must be sought at the outset. PPCS will be responsible for conducting such procurements on your behalf, advertising the contract in the e-tendering portal and other relevant media, issuing tender documents, receiving bids and sending notification letters to suppliers.

10.3 The Restricted and Open Procedure Map provides an outline of the activities involved in the various procurement stages. Note that for this level of contract value there is no requirement for standstill period and there is flexibility in terms of the timescale at the procurement stages.

11. High Value Contract

11.1 A **formal** competitive tender procedure in accordance with the [Public Contracts Regulations 2006](#) must take place in order to award contracts within the EU thresholds:

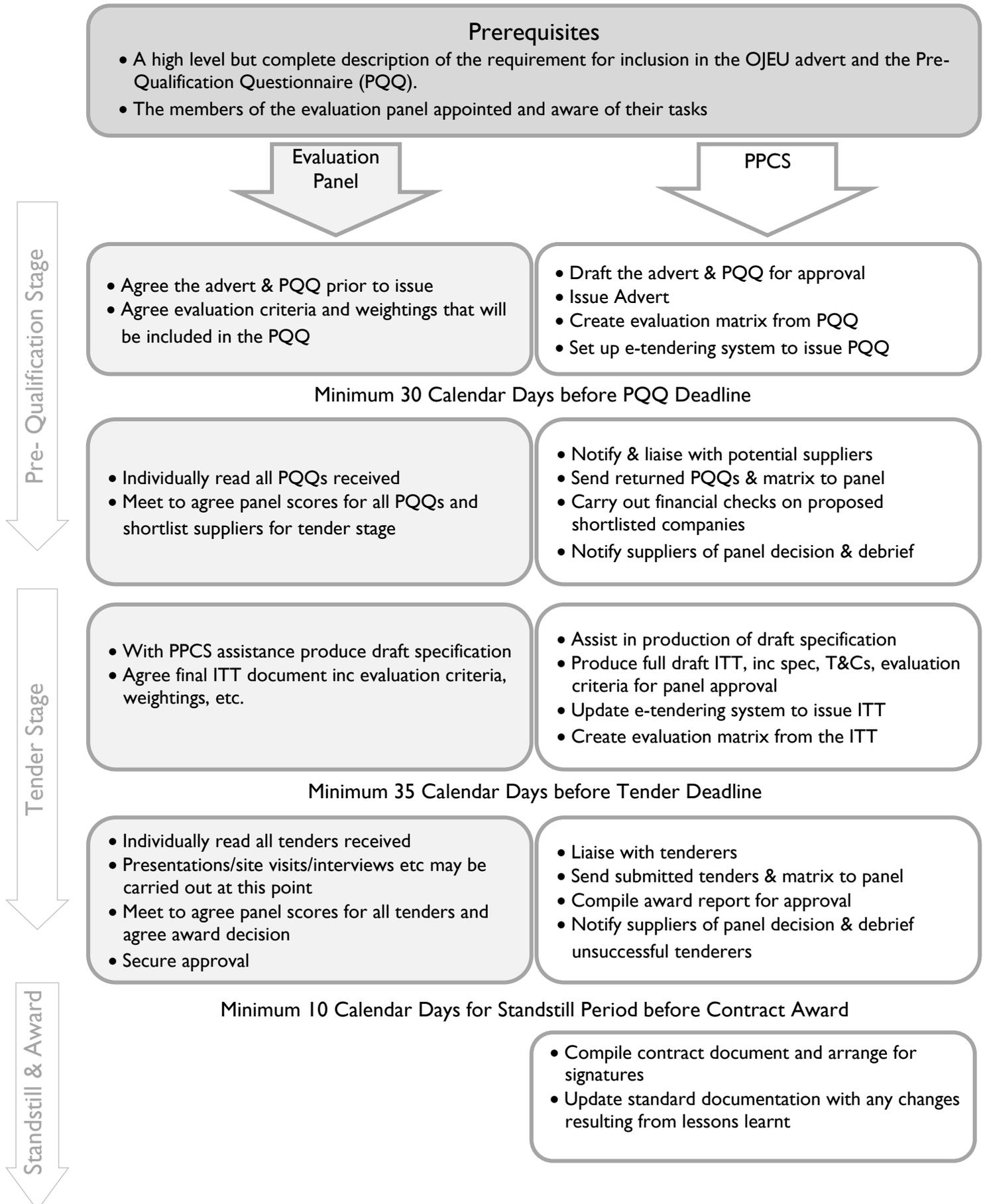
Date of last review	01/01/2015
Date due for review	01/01/2016

Services and Suppliers: £111,676 and above
Works: £4,322,012 and above

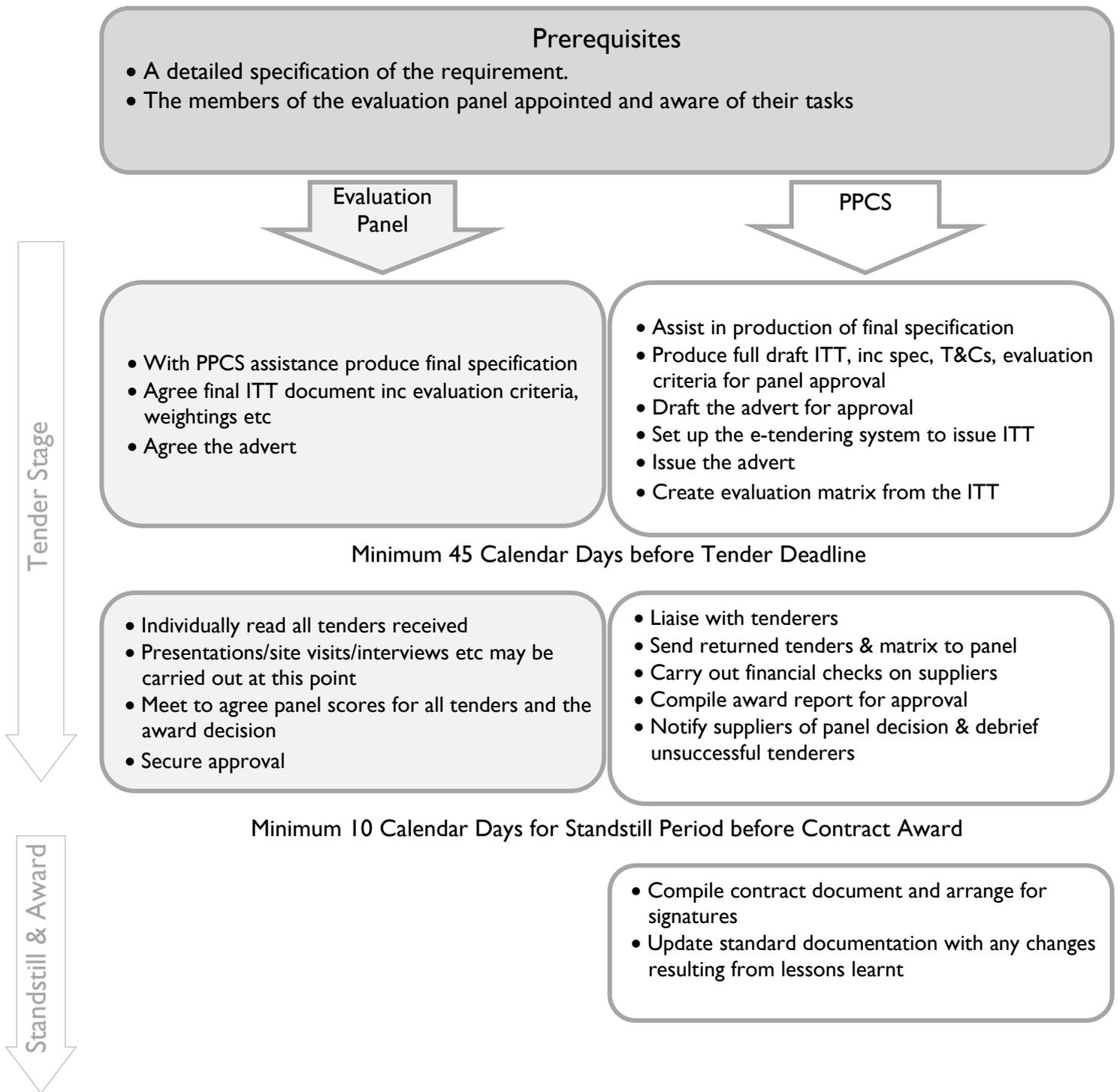
- 11.2 PPCS must be contacted in order to run the procurement and to arrange the necessary advertising in the Official Journal of the European Union (OJEU) and manage the other legal requirements on your behalf.
- 11.3 There are mandatory minimum timescales that must be followed for EU procurements. PPCS will provide advice throughout the procurement cycle, be involved in the drafting of documents, manage the e-tendering portal, advise the Evaluation Panel and notify the suppliers.
- 11.4 The Restricted and Open Procedure Map provides an outline of the activities involved in the various procurement stages.

Date of last review	01/01/2015
Date due for review	01/01/2016

12. The Restricted Procedure Map



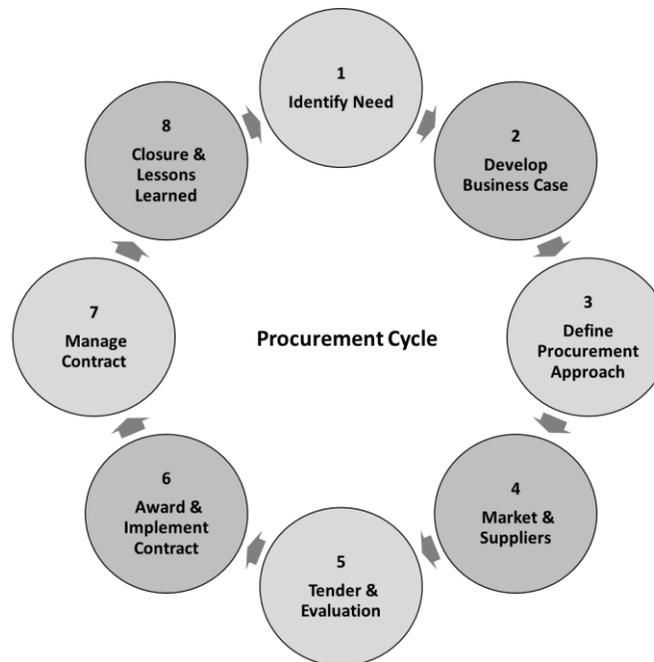
13. The Open Procedure Map



Date of last review	01/01/2015
Date due for review	01/01/2016

14. The Procurement Cycle

- 14.1 A successful Procurement can be defined as the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place and from the right source for the direct benefit of the purchasing organisation or others as specified.
- 14.2 The procurement cycle is the representation of the 8 phases which a contract has to go through, from conception to closure. The phases are outlined below and should be followed whenever acquiring works, services or supplies on behalf of the Houses.
- 14.3 Each phase on its own requires specific actions to be carried out by staff responsible for the project and/or managing the resultant contract.



Stage 1: Identify the need

- 14.4 The project leader and/or budget holder must contact PPCS at the planning stage of a procurement to ensure that the necessary time and resources can be allocated to the exercise. It will be necessary to provide evidence of a business need which can be met only by procurement.
- 14.5 The end user, rather than PPCS, will be responsible for drafting the Specification (see [Specification Guidance](#)) as they know the outcomes required, what operational changes may take place during the lifetime of the agreement, and any new technologies that may affect it. However, PPCS must be asked to comment on medium and high value procurement specifications to ensure that they do not contain information that may put the Houses at risk of legal challenge, and relevant risks and responsibilities have been allocated properly.
- 14.6 In order to draft the Specification it may be necessary to obtain professional input either by engaging a specialist company to assist with the content of the specification or by approaching the market. It is important to ensure this stage of the process complies with the law—in particular that all suppliers are treated equally—and so advice from PPCS must be sought before any discussions take place or appointments are made.
- 14.7 Potential specialists must be aware before they accept any appointment that if they assist with the development of the Specification then their company will not be able to compete for the particular contract. Specialists must be required by project leaders and/or budget holders to disclose any conflicts of interest which might cause bias in the procurement process. For example, they may be engaged by others in the relevant market and could be expected to bid for the contract.

Stage 2: The procurement approach

- 14.8 After identifying the requirement and drafting a Specification the next step is to develop the procurement route with PPCS. This helps to identify the procurement criteria, whether it involves a single sector or a range of suppliers across sectors, and whether it might be better to use existing frameworks or conduct an open competition.
- 14.9 The Houses of Parliament have a number of frameworks and are able to use most of the government frameworks listed on the [Crown Commercial Service](#) website. These frameworks can greatly reduce the time taken and resources incurred on new procurements. PPCS must be consulted in order to advise whether it is appropriate to use an internal or external framework. PPCS will normally recommend that a framework is used if it ensures our requirements are met and value for money achieved.

Date of last review	01/01/2015
Date due for review	01/01/2016

Particular justification will be necessary if you decide not to use an established framework against PPCS advice or wish to either establish or use a framework consisting of a single supplier. In each case a waiver must be completed (see section 19 below).

- 14.10 Above £10k, particular justification from budget holders will be required when it is decided that no competition will take place and that a Single Tender Action (STA) is required (e.g. due to a pressing operational need which makes testing the market unsuitable). You must complete a waiver form (See section 19 below).

Stage 3: Develop a business case where required

- 14.11 The business case, where one is required, will help provide evidence that the requirements of Stage 1 have been met and will establish the procurement route you intend to follow. PPCS must approve the commercial case before the business case is approved. Further instructions on preparation and submission of a business case can be found in the Business Case Guidance.

Stage 4: Market and suppliers

- 14.12 Supplier competition is one of the most effective ways to achieve value for money in procurement. Market sounding provides a good idea of how to achieve the greatest competition and also allows us to identify the type of supplier in the market place for example, SMEs or Social Enterprises. PPCS will advise on carrying out market soundings including contacting suppliers directly and hosting supplier open days. PPCS must be consulted before any option is pursued because it may be more appropriate for them to perform this exercise to minimise the risk that procurement processes are challenged on the grounds of unequal treatment or lack of transparency.
- 14.13 In general, the more money you are spending, the more complex or sensitive the procurement exercise, the more steps you will need to take to limit risk and ensure open and effective competition.
- 14.14 If market sounding shows that there is a large number of suppliers in the market it will be necessary to ask interested bidders to complete a prequalification questionnaire (PQQ) to ensure that neither party's time and resources is wasted. PPCS have templates for PQQs which must be used.

Date of last review	01/01/2015
Date due for review	01/01/2016

Stage 5: tender and evaluation

Tender

14.15 Once the tender documents have been prepared the next step is to advertise the procurement. The stages outlined in this phase broadly apply to all procedures, but are still subject to their own particularities.

- Advertise the Procurement (via e-tendering portal)
- Pre-qualification
- Issuing of Invitation to Tender Documents (ITT)
- Tender Opening
- Carrying Out Tender Evaluation
- Tender Clarification/Interview/Presentation
- Preparation and approval of Tender Evaluation Report
- Notification and debriefing of suppliers
- Mandatory Standstill Period (EU thresholds procurement only)
- Awarding the Contract

14.16 Once the Pre-qualification stage is complete and a list of suppliers to be invited to submit tender has been agreed, the request for a quote or invitation to tender package must be issued using PPCS' electronic procurement portal. For medium value tenders a minimum of 3 tenderers must be selected. For high value tenders a minimum of 5 must be selected unless the market is so limited that it is not possible. The amount and complexity of information to be provided to the supplier will depend on the requirement. Similarly, the length of time this stage takes will vary.

14.17 A complete tender package must be issued. PPCS will ensure that the ITT documents meet procurement regulations requirements.

14.18 In respect of non-PED contracts, the tender package will be put together by PPCS. PED tender documents will usually be compiled by the Project Manager and Design Team. In both cases the person managing the project, not PPCS, will be responsible for drafting technical elements of the Specification of Requirements.

14.19 Procurement exercises in the Parliamentary Estate Directorate (PED) are particularly complex and the Project Leader's Handbook (which can be obtained from PED) contains specific procedures that must be followed when conducting procurements in the construction field. The Handbook, in addition to [PPCS Estates Guidance](#), provides information which supplements but is subservient to these Rules.

Date of last review	01/01/2015
Date due for review	01/01/2016

14.20 No changes are to be made to documents forming part of the tender package without communicating those changes to each tenderer. All communications must be made by PPCS through the electronic portal to ensure an auditable record is maintained.

Evaluation

14.21 Tenders must be evaluated using the evaluation criteria and weightings stated at the start of the procurement process and detailed in the tender package. For low value tenders above £10k this will normally involve selecting the lowest price tender after demonstrating this provides value for money, but quality criteria can also be used. For medium and high value tenders, the tender returns will be evaluated by a panel which must include a member of PPCS. The Specification will contain evaluation questions and these must form the basis of the evaluation criteria. The weighting and scoring mechanism should be the same as was communicated to tenderers when inviting them to tender. No changes can be made to the evaluation criteria without prior notification to tenderers. Further information on tender evaluation is available on Tender Evaluation Guidance.

14.22 It will be important to consider the quality/cost ratio when conducting medium or high value contracts. To ensure each House meets its objectives of value for money the award should be made on the basis of 30% quality and 70% cost for all non-Estates contracts. In respect of Estates Procurements, the default position is 50/50 when professional services such as consultancy are being engaged. Because of the nature of such engagements, focusing on the engagement of an individual rather than the works to be performed, it is necessary to award more scores for quality because the assessment will be mostly on the basis of CVs and interviews rather than a paper exercise. Quality is protected in all cases by ensuring that the criteria used to assess quality sets minimum requirements which must be met before any consideration of the price submitted in a tender takes place. This follows best practice guidance from the Treasury and the British Standards Institute recognising that this is the best way to achieve the quality we require for the most competitive price. A further explanation of how this rule operates can be found on [Price / Quality Evaluation Rule for Procurements](#).

14.23 A waiver form must be completed when a different ratio is sought.

14.24 On certain procurement projects, there may be a need to invite tenderers to an interview with members of the evaluation panel. This gives the opportunity to clarify matters arising from an individual tender submission. More importantly, it allows the evaluation panel to clarify and confirm the integrity of the tenderers' written proposal.

14.25 Tender interviews usually happen towards the end of the tender evaluation process. Tenderers will normally be invited to interview once their tenders have been read by the evaluation panel. Tenders will often have already been assessed by the panel and the interview will help them to clarify and agree their scores.

Date of last review	01/01/2015
Date due for review	01/01/2016

- 14.26 Tender interviews should be defined in the Invitation to Tender documents. Tenderers should be given notice of the day, time and purpose of the interview and of any specific activities they will need to perform, for example, give a presentation, answer questions etc. More information on how to conduct a tender interview is available in the [Tender Interview Guidance](#).
- 14.27 Any terms or conditions that allow for automatic cost increases (e.g. index-linking or passing on pay rises) or charges require the completion of a waiver form.
- 14.28 All members of the evaluation panel are responsible for ensuring the process is fair, transparent and impartial. Anyone involved in the decision-making process at any stage of a procurement exercise must declare to the project leader and/or budget holder any relevant interest which may be viewed by a reasonable person as capable of affecting the decision. Procurement processes involve increased risk in relation to fraud and bribery, so those involved should be careful to observe the relevant House's policies in relation to Fraud, Bribery, Gifts and Hospitality.

Stage 6: Award and implement the contract

Award

- 14.29 For medium and high value tenders, once the evaluation team is satisfied that it has found a solution that best meets the advertised criteria it must submit its recommendation for contract award, recording the reasons for its decision in a [Tender Evaluation Report](#), to the appropriate senior officer for agreement and approval. This will include copies of the evaluation matrices and interview scores. The tender evaluation report will require the budget holder/project leader to confirm that:
- all necessary approvals to enter into a contract have been sought;
 - that the expenditure has been budgeted for;
 - the cost to the House or Houses; and
 - to state whether any savings have been made (see Budgets and Approvals section in paragraph 18 below).
- 14.30 For low value tenders above £10k you must obtain the approval of the budget holder and forward to PPCS Governance Team the audit trail of all relevant decisions. Tenders above £10m require a Full Business Case.
- 14.31 Once authorisation to award has been given, all the suppliers must be notified of the outcome using PPCS' electronic portal (except contracts below £10k). **It is never appropriate to notify the successful tenderer informally because you may enter into a contract prematurely.** For low and medium value contracts the award of the contract can happen immediately

Date of last review	01/01/2015
Date due for review	01/01/2016

after the decision has been made, while for high value requirements there is an interim standstill period where suppliers are notified of the recommended decision, but are allowed 10 calendar days to consider if they wish to challenge this decision. Unless there is a legal challenge the contract award will follow the expiry of the standstill period. If a challenge is made PPCS will consult the Legal Team of the relevant House and recommend a course of action to the evaluation panel.

- 14.32 PPCS have a suite of templates to be used to inform both successful and unsuccessful tenderers of the decision. These templates must be used.
- 14.33 Notification letters sent to tenderers may vary slightly for EU and Non-EU threshold procurements. As a minimum, they should state the reason for the outcome result and the tenderer score, maximum possible scores and winning bidder scores. It should also include an offer to give a debriefing. Once the Tender Evaluation Report is duly approved, PPCS will prepare and send notification letters to tenderers on all contracts over £10k.
- 14.34 For Non-EU threshold procurement, debriefings can be given over the telephone, in writing or face-to-face. Debriefs must be prepared in advance from the evaluation and interview records and should be provided within 10 calendar days from the day of the request.
- 14.35 For EU threshold procurement, requests for debriefings must be done in writing and the actual debrief provided must be in writing and within the mandatory standstill period. If it proves to be difficult to provide debrief within the initial standstill period, then consideration must be given to either restart or extend the standstill period. Project Managers are responsible for writing the debrief letter. PPCS will review the letter to ensure compliance and submit to tenderers via the e-tendering portal.
- 14.36 PPCS can provide more information about the debriefing of unsuccessful suppliers. For medium/high value tenders PPCS must be consulted and attend any debriefing meeting.

Implementation

- 14.37 For all contractor relationships the requirements and specifics of each agreement must be formally documented prior to any work commencing. Once a contract has been awarded, an award letter is issued by PPCS to the successful tenderer to sign and return. This letter, which is held by PPCS, confirms the award of the contract and documents forming part of the contract.
- 14.38 PPCS will set up the contract in the Houses’ contract database file. This records details such as contract value, start/end date, London Living Wage requirements, disclosure restrictions, etc.

Date of last review	01/01/2015
Date due for review	01/01/2016

14.39 Project Managers must ensure that a purchase order is raised on the finance system (House of Commons only) as soon as the contract has been awarded to ensure that funds are available to pay the supplier's invoices in accordance with the contractual terms. If you have awarded a contract to a new supplier in the House of Commons, you will be required to complete Form [FO39](#) to authorise their set-up in the finance system. This must be forwarded to PPCS' Governance Team for approval (PPCS@Parliament.uk). To ensure that the approval and set-up process is not delayed, the following information should also be provided with the form:

- Project Reference and Name
- Supplier Name
- Contract Start Date
- Contract Expire Date
- Value of Contract
- Is the service/work/supplies carried out on the estate?
- Product Code for HAIS
- Work done under the Construction Industry Scheme (CIS)(if the contract has any CIS elements please provide) [CIS link](#)
- Name of Project Leader and Project Manager

14.40 The House of Lords requires that the submission of a valid invoice for payment must be accompanied by an Invoice Authorisation form duly authorised and stating that the service has been delivered to contract.

Stage 7: Manage the contract

14.41 You must advise PPCS of the person responsible for managing the contract so that PPCS can add this information to their contracts database and support the manager throughout the duration of the contract.

14.42 Further guidance on contract management can be found in the Parliamentary Contract Management Strategy and Rules.

Stage 8: Closure and lessons learned

14.43 At a reasonable time before the end of a contract, the business case should be re-visited to measure how well the contract has met the original aims. PPCS will monitor contracts so that notification is given prior to its end date to allow for a future procurement exercise to be run and business continuity to be considered. The business case will help inform any future procurement strategy. You will find detailed information on how to carry out this stage in Parliamentary Contract Management Strategy and Rules.

Date of last review	01/01/2015
Date due for review	01/01/2016

15. Risk Management

- 15.1 Risk management is the process of identifying and controlling risks which threaten the Houses' ability to achieve their strategic and operational objectives. It is important to recognise that risk management covers all aspects of procurement and contract management.
- 15.2 High risk/high value contracts must be subject to consideration from cross-functional teams as appropriate, including PPCS, Finance, Health and Safety, Legal, Security, PICT Information Security and Business Continuity Teams and any other relevant Service in either House. Their inputs should be captured and outlined in the business case with clear outline of risks, impact, likelihood and proposed mitigations.
- 15.3 You will find more procurement specific risk management details in the [Managing Procurement Risk Guidance](#). Further information on Risk Management can also be found in the [House of Commons Risk Management Handbook](#) or [House of Lords Risk Management Policy and Guidance](#).

16. Budget and Approvals

- 16.1 The Project Leader/Project Manager have the responsibility to identify how projects are funded; detailed information must be available in the Business Case for consideration. Please note that a procurement process cannot commence unless there is an approved budget in place, either your service's budget or a programme/project, with an approved business case.
- 16.2 Approvals must be acquired prior to initiating a procurement project or awarding any contract (i.e. before the tender is advertised).
- 16.3 Procurement projects are expected to be formally approved at two stages:
- When initiating the procurement project—via the signing off of the Full Business case at the appropriate level in each House—which must be done in accordance with the delegation of authority set out for each House, and
 - When awarding the contract—via the signing off of the Tender Evaluation Report.
- 16.4 The approval routes need to take into consideration the financial delegation of authority which operates differently in both Houses, as outlined in the [House of Commons—Finance and Procurement Rules](#) and the [House of Lords Finance Manual](#). Note that, for this purpose, the value of the contract is its cost to the House in question.

Date of last review	01/01/2015
Date due for review	01/01/2016

17. Business Case

17.1 A Business Case is required to obtain approval for programmes or projects. The business case is the primary document to demonstrate that:

- it is essential for either/both Houses for the programme or project to be undertaken, or at any rate, the benefits justify the cost;
- options have been considered and the one recommended represents value for money;
- the programme recognises and addresses key risks and interdependencies;
- procurement and other contractual aspects have been considered.

17.2 Once the Business Case is signed off, it will represent the formal evidence that the project has been authorised and procurement proceedings can begin. Projects worth more than £10m require a Full Business Case.

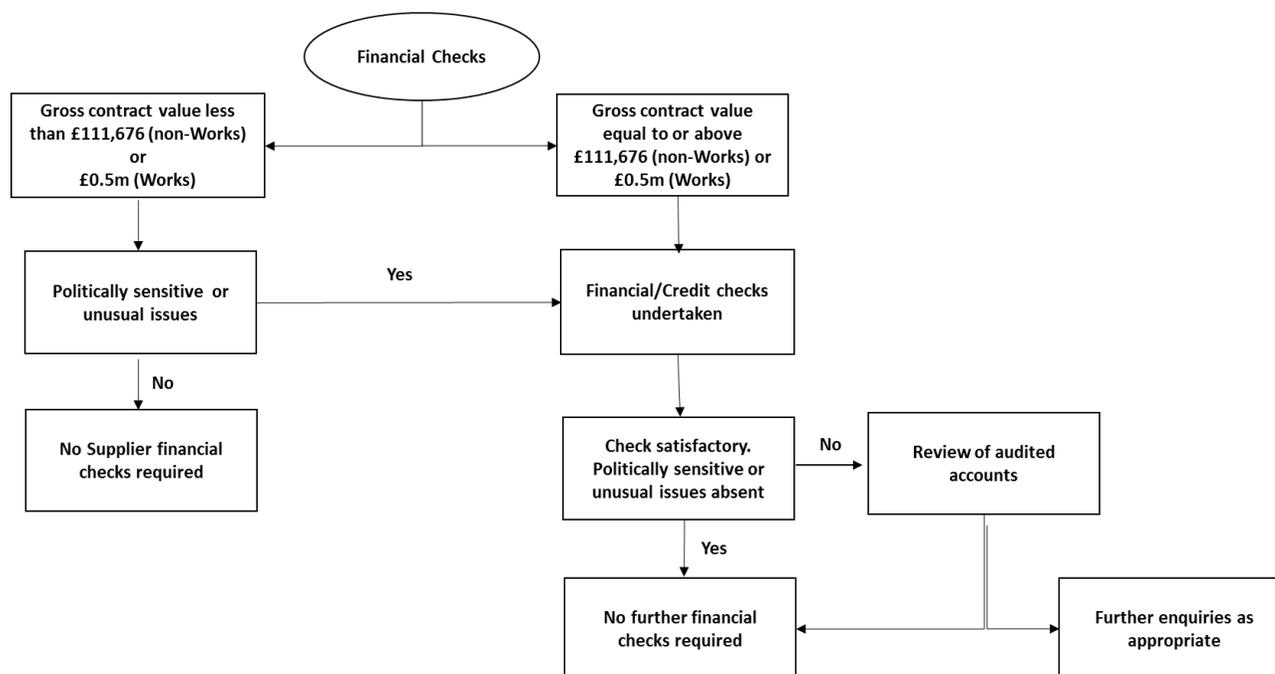
17.3 Further guidance on preparation of the Business Case can be found at:
<http://intranet.parliament.uk/finances/financial-planning/business-case/>

18. Supplier's Financial Appraisal

18.1 Financial checks are undertaken to ensure that suppliers providing services to the Houses are financially stable and capable of providing the required quality of service for the life of the contract.

18.2 Financial checks will normally be carried out in accordance with the process below at the stage of selecting potential suppliers in a procurement process. The exception to this general rule is when the contract is both under agreed threshold and not of a critical nature where the procurement team consider financial checks to be disproportionate in the circumstances.

Date of last review	01/01/2015
Date due for review	01/01/2016



18.3 More information on financial checks is available in the [Supplier Financial Viability Checks guidance](#). Contract managers are also required to ensure the financial health of a supplier during the lifetime of the contract. More information on this can be found in the Parliamentary Contract Management Strategy and Rules.

19. Waivers

19.1 The Houses acknowledge that in special circumstances and in order to achieve best value for money, commercial optimum or to ensure business continuity, it might be necessary to depart from the Procurement Rules. These occasions are very rare, and should be in line with the [Procurement Waiver Policy](#). Below are the most common circumstances when waivers are sought:

- A Proposal for single tender action;
- A Variation to Quality / Cost rule;
- The Use of a single supplier framework agreement;
- Non-use of an existing framework agreement;

Date of last review	01/01/2015
Date due for review	01/01/2016

- The Conduct of a competitive procurement but with less than the minimum number of suppliers required;
- An automatic increase in the price of a contract.

19.2 In addition, a waiver is required for either House to contract separately where a joint contract is an option.

19.3 It is not acceptable to seek a waiver from the procurement rules on account of failing to plan enough time to run a procurement compliantly.

Management of Procurement Waiver Requests

19.4 The Procurement Waiver Request Form (“waiver request”) is a document that, if approved, allows a staff member of a given Department (“the Requestor”) to procure goods, services or works without having to follow the strict procedures described in these Procurement Rules.

19.5 Requests for waivers are managed by PPCS and approved by the Director of PPCS or above £250k by the Finance Director(s).

19.6 The Governance team in PPCS is responsible for:

- a) Receiving the waiver request from the Requestor, once it is reviewed by the relevant category team;
- b) Logging it in the Waiver Database;
- c) Submitting it to the Director of PPCS for consideration;
- d) Recording any related document/correspondence in the contracts folder in SPIRE;
- e) Reporting on waiver requests as required.

19.7 The Requestor must complete the [waiver form](#) by providing information regarding the proposed contract and the reasons for the waiver request and submit to PPCS for approval. However, the Requestor should seek advice from the relevant category team in PPCS in the first instance in order to establish if the application meets minimum requirements.

19.8 For more information and guidance on how to submit a waiver request, you should read the [Procurement Waiver Policy](#).

Date of last review	01/01/2015
Date due for review	01/01/2016

20. Sustainable Procurement

- 20.1 The Houses of Parliament from time to time agree policies affecting procurement which go beyond compliance and value for money. In particular, as publicly funded bodies, they are concerned with the impact that their activities or those performed by their suppliers might have on the environment, society and the economy.
- 20.2 PPCS, in partnership with Project Leaders/Project Managers, will ensure that suppliers are able to evidence through their tender submissions and throughout the duration of the contract that they will address issues such as:
- That suppliers comply with health and safety law and best practice for the benefit of their staff and ours;
 - That the company understands the importance of, and practises, equal opportunities, inclusivity and diversity in relation to staff when performing the contract;
 - That the staff concerned with providing the goods and services work in conditions that are beneficial to their welfare, including being paid a fair wage for their work;
 - That staff working on our premises are paid the London Living Wage;
 - (Commons only) That staff providing services to the House but not working on our premises are paid the relevant Living Wage;
 - That animal welfare standards are met by those providing us with meat, poultry and other animal products;
 - That the supplier performs the Contract in accordance with an environmental policy that aims to conserve energy, water, wood, paper and other resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment;
 - That they demonstrate innovative approaches and good practice in terms of sustainable approaches and responsibility;
 - That they show that they can support the Houses in meeting their obligations relating to sustainability and alignment with our own sustainability policy.
- 20.3 More information on our sustainability policy can be found at our [Sustainable Procurement Policy](#). This should be made available to suppliers as part of the tender documents.

21. Baseline Personnel Security Standard pre-employment checks for suppliers and agencies

- 21.1 It is a requirement on both Houses that everyone who has access to the Parliamentary Estate has successfully completed HMG Baseline Personnel Security Standard (BPSS), pre-employment checks.
- 21.2 These checks comprise four main elements:
- Identity;
 - Nationality and immigration status (including an entitlement to undertake the work in question);

Date of last review	01/01/2015
Date due for review	01/01/2016

- Employment history; and
- Criminal record (unspent convictions only).

21.3 PPCS has included in the PQQ and ITT templates a declaration of pre-employment checks which must be agreed by suppliers and agencies tendering for contracts in either/both Houses.

21.4 It is important that BPSS checks are carried out before other levels of personnel security control, such as the Counter-Terrorist Check (CTC), are carried out by the Audit and Compliance Team.

21.5 All suppliers and agencies must undertake these checks on all their staff and sub-contractors who will have access to the Parliamentary Estate. They must make their records available for auditing by the Audit and Compliance Team.

21.6 Once a contract is awarded, the Audit and Compliance Team will contact the supplier and its sub-contractors to carry out an audit in their process.

21.7 The Audit and Compliance Team has produced a [BPSS Guidance for Contractors Agencies](#) which should be read together with the [Cabinet Office guidance on BPSS](#) and [Home Office guidance](#) on the prevention of illegal working in the UK.

21.8 As BPSS includes checking official documentation (passports, identity cards, visas, residence permits, birth certificates and driving licences), the Audit and Compliance Team recommends that suppliers receive formal document verification training. This can be arranged through the Audit and Compliance Team.

21.9 Audit and Compliance Team

Telephone: 0207 219 3021/3468/4072

Fax: 0207 219 6552

Email: act@parliament.uk

22. Document Retention

22.1 All procurement related documents, records and emails are filed and kept within the SPIRE system under "PROCUREMENT" (Key Word - Level 1). These documents are owned and maintained by PPCS, in compliance with the [disposals procedures of the Houses](#).

Date of last review	01/01/2015
Date due for review	01/01/2016

- 22.2 Below the "PROCUREMENT" class on SPIRE you will find further classes relating to the activities carried out as part of the tendering process or as part of the management and administration of the procurement team.
- 22.3 All procurement related documentation is filed within the "TENDERING & CONTRACTING" Class (Key Word - Level 2) in accordance with the Functions and Activities as designated in the Fileplan. A new Class is created for each new procurement process.
- 22.4 Further information on SPIRE can be found on the SPIRE Intranet pages - [Spire Info](#).

23. Where to Get Help

- 23.1 If you need help or advice at any point please contact PPCS either by e-mailing PPCS@Parliament.uk or by telephoning **0207 219 1600**.
- 23.2 Further information and documentation can be found on the PPCS procurement intranet pages: <http://intranet.parliament.uk/finances/procurement/>.

Date of last review	01/01/2015
Date due for review	01/01/2016