



Chigwell Parish Council

Procurement Policy

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Contents

Procurement Policy Statement

Procurement Policy

Chigwell Parish Council Procurement Policy Statement

The Parish Council spends money each year on a range of goods and services. Proper control of this expenditure will make a positive impact on the delivery of service to our parishioners.

Parish Councillors and the Parish Clerk/Proper Officer need to commit to a structured approach.

These guidelines are to be used as a standard for all Parish Council procurement activity. Its requirements are to be adhered to by all those authorised to make commitments on behalf of the Parish Council.

This policy statement outlines the Parish Council's approach to procurement, acknowledges the importance of our suppliers and describes the role of procurement in achieving the Parish Council's objectives.

Chigwell Parish Council Procurement Policy

Introduction

It is the Parish Council's policy to achieve maximum value on all purchases made. "Value" is the mix of price, quality, reliability, delivery, performance, compliance with net zero objectives and after sales service and all must be taken into consideration before placing an order or appointing a contractor. The Parish Council adheres to the government's Best Value Statutory Guidance 2015 (Appendix 1)

The maintenance of sound business relationships with suppliers and contractors is essential to our wellbeing and we will establish, develop and preserve profitable and stable relationships. We value the benefit of long-term business relationships, seeing them as partnerships from which both sides benefit.

1 Code of Ethics

The Parish Council respects the confidentiality of technical and commercial information given by suppliers. All suppliers and potential suppliers are expected to reciprocate in respect of commercially sensitive information given to them by the Parish Council and to sign non-disclosure forms where appropriate.

The honesty and impartiality of all the Parish Council's personnel should be above suspicion. Any personal interest that may affect, or be seen to affect, impartiality or judgement in relation to any procurement activity must immediately be declared and documented accordingly. Examples include but are not exclusive to a friend, associate or family member being employed by or owning a shareholding in a supplier. For the sake of transparency, members of staff and Councillors should declare in writing to the Proper Officer any works carried out on their behalf or for a close family member or associate by any Council supplier within a 12 month period of any contract or services being supplied to the Council. All Councillors and staff should be minded of their obligations under the Nolan Principles throughout the procurement process

2 Confidentiality and Transparency

2.1 Supplier Information

Suppliers' commercially sensitive information must not be disclosed to any third party or used in any way without the consent of the supplier. In particular, it must not be shared with other suppliers. No relevant information should be deliberately withheld by either party nor should any misleading information be given. Suppliers should notify the Council at the point of submission if any costing, quote, tender document or other item contains commercially sensitive information in order this can be redacted before publication

It must be remembered that the purchasing and supply management process should be as transparent as possible, within commercial and legal constraints. All parts of the procurement process may be subject to the Freedom of Information Act and the Local Government Transparency Code 2015. Everyone must understand the elements of the process, that is, the procedures, timescales, expectations, requirements, and criteria for selection.

2.2 The Parish Council "Brand"

Suppliers will not use the Parish Council name and/or logo as an official endorsement for their products or services without prior written consent of the Parish Council. Individual Councillors or staff cannot provide endorsements or references for any supplier. Requests for the same must be submitted in writing to the Proper Officer for approval by the Parish Council

3 Record Keeping

The method of supplier selection must be documented to allow full and open review of the decision making process at any time. This will include the selection process used and the selection criteria (financial status, price, expertise, uniqueness, time critical, service etc.). This record should be kept on file.

In addition in order to comply with legal requirements, purchase orders, contracts and all associated documents must be retained as a minimum for six years after the conclusion of any agreement or contract.

4 Selection of Suppliers

The Parish Council's preference is to deal with suppliers/contractors that have demonstrated the ability to provide quality products or services. For ongoing contractual commitments a Due Diligence process will be undertaken to request information via the appropriate supplier selection questionnaire and financial and client references during the course of any procurement exercise to establish confidence in the ability to perform in all respects.

4.1 Competitive Selection

Competitive selection is a process that begins with an accurate specification of the goods/service required and culminates with either an award of a contract or placing of a purchase order. To ensure the Parish Council maximises the benefits from using such a process it is essential that the product or service is precisely specified.

The process and management of competitive selection is the responsibility of the Parish Clerk/ Proper Officer and/or Financial Officer. The Proper Officer will issue enquiries/tenders and obtain supplier responses and will seek approval from Parish Councillors prior to an order being placed or a awarding a contract. The tender selection procedures should be carried out in line with that detailed in the Standing Orders and Financial Regulations

It is recommended that purchases in excess of £500.00 (excluding VAT) and contracts with an annual value in excess of £500.00 are subject to competitive selection. Good practice dictates that a minimum of three suppliers should be included.

4.2 Competitive Tendering

The Parish Council aims to ensure all spend in excess of £10,000 undergo a competitive tendering process and are published on the government's Contract Finder. In line with the Standing Orders and Financial Regulations, any spend of £25,000 and above must be subject to competitive tender.

When issuing an Invitation to Tender the Parish Clerk will issue a comprehensive tender pack to each potential supplier which consists of the following documents: -

- Instructions to Tenderers

- Schedule of Works, Service or Products Specification (including commencement date and term of agreement)
- Supplier Selection Questionnaire
- Terms and Conditions
- Anti Bribery and Corruption Policy
- Procurement Policy

Offers are received by the Parish Clerk from potential suppliers by a specific deadline and date. They will be opened in front of two Councillors, reviewed and an overview of the contents recorded.

Following the receipt of the bids, an analysis will be undertaken by the Parish Clerk, bids will be evaluated in consultation with the Parish Councillors based on service, price, contract terms etc. and shortlisted companies may be invited to present their bids.

Following these presentations post-tender negotiations may be undertaken to seek improvement on terms, both in terms of price and contract conditions.

Where there is an on-going supply of goods or services a contract will be negotiated. Contracts will be agreed and signed off by Parish Councillors. The initial life of any contract should not normally exceed three years. Only Full Council can agree and sign off a contract in excess of 12 months

Where the purchase is for an outright purchase a purchase order will be raised by the Parish Clerk following approval by the Parish Councillors.

4.3 Written Quotations

A competitive tendering approach will not always be appropriate and it may be more efficient to obtain written quotations to ensure proper competitive evaluation of alternatives. These should be written not verbal and should be presented to Councillor in a format that includes the company letter head/logo and company information from the supplier

4.4 Supplier Mistakes

A mistake is a non-deliberate error; the Parish Clerk should search for anything that looks odd or unusual in a supplier's offer and seek clarification prior to contract award.

Mistakes identified post contract award should be investigated impartially and ethically with a view to generating options for resolution.

4.5 Supplier Debriefing

Where suppliers submit tenders and are unsuccessful they should be debriefed with as much transparency about the procurement process as can be provided e.g. on the weaker aspects of their tender and reasons why they were unsuccessful. This is crucial for future supplier development.

5 Purchase Orders

5.1 Purchase Request

A request to spend money on specified products and services against an agreed budget should be approved by the relevant committee or Full Council and minuted prior to raising any purchase order. Alternative means of purchase request can be approved in line with the Financial Regulations

5.2 Purchase Orders

This is the stage at which buyer and seller formalise their agreement. A Purchase Order is an official document, which creates a legal obligation, and can be the subject of legal action for breach of contract. A purchase order can only be raised and signed by the Proper Officer or the Financial Officer

The Purchase Order, when issued, should clearly state:

- Order number
- Minutes reference of the approval of the purchase request/a copy of the signed purchase request form if the purchase request has been made and authorised outside of a committee or council meeting
- The Parish Council's contact, name, email and telephone number
- The Supplier's organisation name, address, contact, name, email and telephone number
- Precise details of the goods or services required. Vague descriptions such as 'goods' are to be avoided.
- Unit value, total value and whether VAT is to be charged.
- Special payment terms
- Delivery address
- Delivery date

It should be countersigned by two Councillors

The Parish Council should retain a copy of the purchase order documentation on file.

5.2.1 Capital purchases should be discussed prior to placing the order so that consideration can be given to the total cost of ownership including future servicing and maintenance needs.

5.3 Order Amendments

Changes, which occur over the life of the order, should be documented. Typically this may involve changes to price, delivery, address and specification of requirements. In all instances there should be a clear audit trail and records maintained.

5.4 Order Cancellations

The Council runs the risk of being in breach of contract if insufficient attention has been given to the purchasing process. The reason for cancelling an order needs to be clear and precise and preferably have the supplier's agreement. Where we are cancelling due to the supplier's non-performance, it is imperative that we follow any procedures laid down in the contract terms and all communications are confirmed in writing and records maintained as a record of its cancellation.

6 Authorisation

6.1 Authority Levels and Authorised Signatories for Purchase Orders and Invoices

Purchase Orders – documented approval must be obtained from the Parish Councillors prior to any Purchase Order being raised by the Parish Clerk.

Purchase Invoices – must be approved and signed off by two Parish Councillors prior to being processed for payment by the Parish Clerk. Signatories to invoices must differ from those on purchase orders and bank signatories.

7 Terms and Conditions – Purchase Orders or Contracts

7.1 General

All purchase orders and contracts must be governed by and construed in accordance with the laws of England & Wales.

All contracts and orders (including those given verbally) create a contract between buyer and seller and it is important to ensure that the terms of the arrangement are unambiguous and clearly understood. Suppliers often seek to impose their own standard terms and conditions on a transaction with a purchaser. Where this occurs care must be taken to ensure that these terms (which often seek to reduce if not eliminate the supplier's obligations) are acceptable to the Parish Council. The Parish Council's interests must be safeguarded at all times and contracts should be thoroughly reviewed by Parish Councillors prior to being signed.

Care must be taken during in any negotiation that the council is not unintentionally committed by verbal, written or emailed instructions that may be construed as a contract.

7.2 Payment Terms

Although it is recognised that staged payments are sometimes a necessary commercial practice, such payments will be minimised and be of such a level as to cover only work already performed and for which the Parish Council obtains ownership/title. This will minimise the council's exposure in the event of supplier failure.

8 Receipt of Goods and Services

When the products are delivered or services provided a delivery note or work completed document will be presented by the supplier, the delivery note or work completed document will be signed off by the Parish Clerk and filed for future reference and filing with the invoice.

9 Payment and Invoicing

It is a requirement that suppliers submit invoices to the Parish Council in a timely manner. The Parish Council will endeavour to process and pay the supplier within 30 days of receipt of invoice. All invoices should include the Purchase Order number. Failure to do so may result in a delay or non-payment of part or all of an invoice

10 Authorisation for Payment

Invoice variations should be referred back to the supplier. Following successful matching, invoices should be authorised and forwarded to the Finance and Governance committee (or in their absence, Full Council) for payment authorisation. A full list of invoices for authorisation should be published online three clear days before the meeting at which they are to be considered and approved. The approval of the invoice payments should be clearly minuted

CHIGWELL PARISH COUNCIL

STANDARD TERMS FOR THE SUPPLY OF GOODS, SERVICES AND WORKS

This Contract shall be constituted by and comprise only these terms and conditions, any specification from the Council and any proposals from the Supplier, ("Contract Documents"); no terms or conditions put forward by the Supplier (including terms relating to hire, lease or loan) shall form part of the Contract Documents unless signed by both parties. In the event of conflict within the Contract Documents, the Council's Specification prevails. Any supply made in response to an order shall be taken as conclusive acceptance of this term and any inconsistent or additional terms accompanying the supply shall be deleted and ignored.

1. DEFINITIONS AND INTERPRETATION

1.1 The words in parenthesis and/or quotation marks on the front of this Quote or on an order describe or identify as appropriate the following or preceding words or matters and have the same meaning throughout these Terms.

1.2 The headings to the Terms shall not affect their interpretation. The singular includes the plural; one gender includes all others.

2. THE SUPPLY OF GOODS, SERVICES OR WORKS - QUALITY STANDARDS

2.1 The Supply shall be to the reasonable satisfaction of the Authorised Officer and shall without limitation conform with and fulfil in all respects:-

- the Contract Documents
- any variation of the Contract agreed in writing by the parties
- the requirements of any relevant UK or EC statute, order, regulation, directives, standard, code of practice or bye-law from time to time in force which is relevant to the Supply
- any recommendation or representation made by the Supplier
- professional standards which might reasonably be expected of the Supplier

2.2 Unless otherwise agreed in writing, neither performance nor functionality of any part of the Supply will be impeded by entry into the European monetary union.

2.3 The Goods, Services or Works should be fit for purpose and of merchantable quality. They should match the specification given by the Supplier and any request made by the Council to which the Supplier has agreed.

2.4 In the supply of ICT hardware, software or other goods of a similar nature that require testing and approval after commissioning no payment will be made until approval sign-off has been given by the Council's appropriate authorised commissioning officer.

2.5 Warrantee - Unless amended by the specification. Works, Goods and Services are to be guaranteed for 1 year minimum to perform satisfactorily according to the specification.

3. THE CONTRACT PRICE AND INVOICING

3.1 The Payment Date defines how the Contract Price is payable. The Council shall make payment, provided the Supply complies with the Contract, within 30 days after receipt of an invoice submitted on or after a Payment Date.

4. DELIVERY AND TIME FOR PERFORMANCE

4.1 Time shall be of the essence. The Authorised Officer must be notified and his consent obtained to any extension of time.

4.2 Access to Council premises, facilities or storage by the Supplier shall comply with the reasonable requirements of the Council and shall be at the Supplier's risk.

4.3 If either party is unable to make or accept the Supply, through strike, lockout by employees, war or civil commotion, cessation or serious interruption of land, sea or air communications or power supplies, exceptionally adverse weather, fire or other unavoidable cause it shall immediately notify the other party and then, the disabled party may decline to make or accept the Supply. The Council shall notify the Supplier within 30 days of the end of that period whether it requires the Supply to be recommenced, varied or cancelled (without further liability to either party). Where the Supply is recommenced the Contract shall be varied to extend the time for completion or delivery of the Supply by the period of disability.

4.4 At the completion of the Supply the Supplier shall remove all materials from the Site (unless otherwise instructed) and permanently reinstate any damaged areas or surfaces and leave the Site in a clean condition ready for occupation.

5. PROPERTY RISK AND ACCEPTANCE

5.1 Without prejudice to any of the rights or remedies of the Council (including those under Clause 7), property and risk in any Goods shall pass to the Council on delivery or when the Authorised Officer notifies acceptance in writing where the Goods are to be subject to testing, whichever shall be the later.

6. DESPATCH OF GOODS AND DAMAGE IN TRANSIT

6.1 The Supplier shall free of charge and as quickly as possible either repair or replace (as the Council shall elect) Goods which fail to arrive or arrive damaged.

7. INSPECTION AND REJECTION

7.1 The Supplier shall assist the Council or his authorised representatives (free of charge) to make any inspections or tests the Council may reasonably require of the Supply at any time prior to acceptance.

7.2 The Council may suspend the Supply in whole or in part without paying compensation if the Authorised Officer is reasonably of the opinion that the Supplier is in breach of Clause 10.

7.3 The Council may reject the Supply in whole or in part before acceptance if it is not completely in accordance with the Contract or becomes so during any Guarantee Period (including without limitation any slight or minor variation) and in such circumstances may, without prejudice to other rights or remedies:-

- have the Supply repaired, re-done or replaced by the Supplier with a supply which complies in all respects with the requirements of the Contract
- require a refund from the Supplier
- make a reasonable deduction from the Contract Price determined by the Authorised Officer.

8. LABELLING AND PACKAGING

8.1 The contents shall be clearly marked. All containers of hazardous goods (and all relevant documents) shall bear prominent and adequate warnings. Product Data Sheets required by the Control of Substances Hazardous to Health Regulations 2002 and the Chemicals (Hazard Information and Packaging for Supply) Regulations 2009 must be provided (in a form suitable for photocopying).

8.2 All packaging materials will be considered non-returnable.

9. INTELLECTUAL PROPERTY RIGHTS AND CONFIDENTIALITY

9.1 The Supply shall not infringe the intellectual property rights of any third party.

9.2 All rights (including without limitation ownership and copyright) in any specifications, information, instructions, plans, drawings, patterns, models, designs or other material furnished to

or made available to the Supplier by the Council or obtained by the Supplier in connection with the Contract shall remain vested solely in the Council and shall be kept confidential.

9.3 Where the Supplier has access to information about people, it shall ensure that in making the Supply, the provisions of the Data Protection Act 2018 incorporating the General Data Protection Regulations (GDPR) are observed (and also Councils' data protection requirements notified to the Supplier).

9.4 This clause shall apply both during the Contract and after its termination.

9.5 The intellectual property rights (including without limitation copyright) in any thing arising out of the Supply shall vest in the Council.

10. HEALTH AND SAFETY

10.1 Without prejudice to the generality of Clause 2.1 the Supplier in making the Supply shall have full regard to safety of persons who may be affected in any way and shall comply with the requirements of the Health and Safety at Work Act 1974 and its subordinate regulatory framework, and of any other Acts pertaining to the health and safety of persons.

10.2 The Supplier shall conduct all necessary tests and examinations prior to delivery of the Supply to ensure that the Supply is designed, constructed and delivered so as to be safe and without risk to the health or safety of persons using them. The Supplier shall give the Council adequate information about the use for which the Supply has been designed and has been tested and about any conditions necessary to ensure that when put to use the Supply will be safe and without risk to health.

10.3 Throughout the progress of any Works, the Supplier shall keep the Site in an orderly state and shall provide and maintain at its own cost all lights, guards, fencing and warning signs for the protection of the Works and the safety and convenience of the public and others.

11. INDEMNITY AND INSURANCE

11.1 Without prejudice to any rights or remedies of the Council (including those under Clause 7) the Supplier shall indemnify the Council against all matters of any kind arising in contract, tort, statute or otherwise directly or indirectly out of the wrongful act, default, breach of contract or negligence of the Supplier, its sub-Suppliers, employees or agents in the course of or in connection with the Contract. Without prejudice to the generality of the foregoing this indemnity shall extend to (and not be limited) in respect of death or injury to persons, damage to property, prevention of corruption, the infringement of intellectual property rights, health and safety, race relations, data protection and Ombudsman investigations.

11.2 The Supplier shall effect, with a reputable company, public and employer's liability and other insurances necessary to cover the risks contemplated by the Contract and shall at the request of the Council produce the relevant policy or policies together with receipts or other evidence of payment of the latest premium due thereunder. Public liability cover of at least £5 million per incident shall be obtained, unless agreed otherwise with the Authorised Officer. Where the Supply is a supply of consultancy services the Supplier shall maintain professional indemnity insurance during the Contract period and for 6 years afterwards to cover its liability to the Council under the Contract. Other insurances shall include product liability insurance and professional indemnity insurance for goods or professionals services respectively supplied under this Contract. The level of insurances shall be three times the value of the contract or at a level requested by the Council.]

12. RACIAL DISCRIMINATION, OMBUDSMAN INVESTIGATIONS AND HUMAN RIGHTS

12.1 The Supplier shall not unlawfully discriminate within the meaning and scope of Equality Act 2010 or any statutory modification or re-enactment thereof relating to discrimination in the provision of services to the public or in employment or contravene the Human Rights Act 1998. The Supplier shall to the extent relevant to the delivery of the Supply comply with the Council's equal opportunities policies, which may be consulted. The Supplier shall take all reasonable steps to secure the observance of these provisions by all servants, employees or agents of the Supplier and all sub-Suppliers employed in the execution of the Contract. The Supplier shall give due

consideration and take into account any guidance from the Equality and Human Rights Commission.

12.2 If either the Council's internal or external auditors or if the Commissioner for Local Administration (the Ombudsman) shall wish to investigate the Contract, then the Supplier shall provide such information, access and co-operation as those persons may reasonably require.

13. PREVENTION OF CORRUPTION

13.1 The Council may terminate the Contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier's behalf do any of the following things:

- offer, give or agree to give to anyone any inducement or reward in respect of this or any other Council contract (even if the Supplier does not know what has been done); or
- commit an offence under the Bribery Act 2010 or under Section 117(2) of the Local Government Act 1972; or
- commit any fraud in connection with this or any other Council contract whether alone or in conjunction with Council members or employees.

14. TERMINATION

14.1 The Council may also by notice in writing terminate the Contract in whole or in part (and enter upon and expel the Supplier from any premises or site to which he has been given access) if any of the events specified in Clause 14.2 occur. No period of notice shall be required but the notice shall state the date on which it is to take effect.

14.2 The events referred to in Clause 14.1 are:-

14.2.1 the Supplier has failed to make the Supply within the time specified in the Contract

14.2.2 the Supplier has breached the Contract in a way which the Council reasonably regards as irremediable, which may include, without limitation, repeated and/or persistent remediable breaches of the Contract

14.2.3 the Council has given the Supplier at least one month's notice to remedy a breach of contract which can be remedied and the Supplier has failed to do so

14.2.4 the Supplier has without reasonable cause failed to proceed diligently with or wholly suspends performance of any Services or Works

14.2.5 the Supplier shall have a receiver appointed over all or substantial part of his or its assets or (if an individual) be declared bankrupt or (if a company) shall go into liquidation or have an administrator appointed to manage its affairs.

14.3 In the event of termination of the Contract or rejection under Clause 7, the Council may engage another Supplier to make the Supply and the Supplier shall be liable to pay the Council as a debt any extra cost that the Council incurs in so doing in excess of the Contract Price.

15 ASSIGNMENT AND SUB-CONTRACTING

15.1 The Supplier shall not without the written consent of the Authorised Officer assign or sub-contract the benefit or burden of the whole or any part of the Contract. No sub-contracting by the Supplier shall in any way relieve the Supplier of any of its responsibilities under the Contract.

16 PURCHASE OUTSIDE THE CONTRACT AND THIRD PARTIES

16.1 The Council shall have the right to employ a person other than the Supplier to make supplies of the same type as is contemplated by the Contract if it shall in its absolute discretion think fit to do so.

16.2 The Contract shall not confer any benefit on any third party.

17 NOTICES

17.1 Any notice about the Contract may be sent by hand or by ordinary, registered or recorded delivery post or transmitted by facsimile transmission or other means of telecommunications resulting in the receipt of written communication in permanent form and if so sent or transmitted to the address of the party shown on the Contract, or to such other address as the party has

notified to the other, shall be deemed effectively given on the day when in the ordinary course of the means of transmission it would be first received by the addressee in normal business hours.

18 GOVERNING LAW

18.1 These Conditions shall be governed by and construed in accordance with English law and the Supplier hereby irrevocably submits to the exclusive jurisdiction of the English courts.

19 CONTRACT REVIEW

19.1 This contract is subject to continual review and as part of the process the Council will review the works, goods or services required under the Contract. If the Council reasonably considers that the works, goods or services could be provided in a more efficient or cost effective way, the Council shall submit proposals to the Supplier to vary the Contract Documents to accommodate changes to give effect to a more efficient or cost effective delivery of Goods or Services. In this regard the parties shall cooperate with each other and act in good faith to agree and implement such proposals.

19.2 We at Chigwell Parish Council expect our Contractors to work with us to constantly improve their service and create efficiencies for the future. Therefore we will conduct annual reviews to monitor progress on; Communication, Customer Satisfaction, Product Rationalisation, Environment, Equalities, Improvements to service, Innovation, Price and Quality standards. This review will not only focus on achievements made in these areas from the previous year, but also ideas and proposals for the following year. Both the Contractor and any two Councillors from the council will sign off all reviews. Should there be an inflationary clause in a long-running contract, no payment will be made against that clause until after the review has taken place.



Department for
Communities and
Local Government

Revised Best Value Statutory Guidance

March 2015
Department for Communities and Local Government



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Ministerial foreword

I am delighted to be introducing the revised Best Value Statutory Guidance.

This guidance which sets out clear expectations for councils considering changing funding to local voluntary and community groups and small businesses has been updated and revised.

As before, I am not asking councils to do anything that I wouldn't ask of my Department or any other. That is why, reaffirming our commitments under the Compact, all central government departments are also signing up to the same fair standards set out in the guidance.

The Duty of Best Value continues to be important because it makes clear that councils should consider overall value – including social value – when considering service provision. So it plays to the long-term strengths of voluntary and community groups and small businesses.

The guidance includes a new requirement for councils not to commission services from, give grants to, or sell assets to individuals or organisations which are considered extremist according to the definition used by the Government's Extremism Task Force. Councils should seek assurance about those they provide funding or other assets to as part of their standard due diligence processes. The Government's Extremism Analysis Unit will produce separate guidance on conducting due diligence to check for extremism in due course. This guidance will include advice on the language and behaviour that may indicate extremism.

This guidance continues to demonstrate how this Government is acting in concrete ways to deliver on its commitment to localism and growth.

There are some councils who are actively working to protect these organisations and working with them to deliver cost-effective, innovative public services. The new guidance on the requirements of the Equality Act is intended to support such activity.

Local councils have been freed from excessive and prescriptive guidance and duties in return for a 'social responsibility' deal which asks that they continue to give support to local voluntary and community groups and small businesses.

A handwritten signature in black ink, appearing to read 'Kris Hopkins', with a horizontal line underneath.

Kris Hopkins MP
*Parliamentary Under Secretary of State for
Communities and Local Government*

Introduction

Scope of the guidance

1. This Government is acting to remove barriers to more open and efficient local public services by freeing local authorities from targets, prescription and duties. We want to encourage public agencies and civil society to collaborate more, including greater involvement for voluntary and community organisations¹ as well as small businesses in the running of public services.
2. To this end, we have already revoked guidance on workforce matters which formed part of the Best Value regime, namely the handling of workforce matters in contracting and the code of practice on workforce matters in local authority service contracts ('the two tier code'). We have also revoked the whole statutory guidance *Creating Strong, Safe and Prosperous Communities*, which included general Best Value guidance on commissioning. Furthermore, we have now repealed the two main remaining statutory duties covered in that guidance (the Duty to Involve and the Duty to Prepare a Sustainable Community Strategy).
3. In this context, this short statutory guidance on the Best Value Duty sets out some reasonable expectations of the way authorities should work with voluntary and community groups and small businesses when facing difficult funding decisions. It allows them the flexibility to exercise appropriate discretion in considering the circumstances of individual cases, without the Government trying to predict every possible variable. It gives a new clear prominence to requirements on dealing with the voluntary and community sector and small businesses, helps build the confidence of these organisations in holding public agencies to account and is explicit about the scope for Best Value authorities to consider social value in their functions, as required by the Public Services (Social Value) Act 2012. It does not replace Local Compacts between local authorities and the voluntary and community sector.
4. This guidance, taken together with measures such as Community Right to Challenge in the Localism Act, reduces the barriers that often prevent voluntary organisations competing for local authority contracts. These measures aim to promote local authority leadership in providing a level playing field for all, including local voluntary and community organisations.
5. The Government is committed to the principles in the renewed National Compact - the agreement which aims to ensure that government and civil society organisations work effectively to achieve common goals and outcomes for the benefit of communities and citizens in England. This guidance does not supersede any part of the Compact but sets out expectations of Best Value authorities making difficult funding decisions under the Best Value Duty. All central government departments and non Best Value agencies of departments are also signed up to the fair standards set out at paragraph 7 of the guidance.

¹ The reference in this document to voluntary and community sector also includes social enterprises.

Revised Best Value Statutory Guidance

1. Best Value authorities² are under a general Duty of Best Value to “make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”³
2. Under the Duty of Best Value, therefore, authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. Authorities also have a statutory duty⁴ to consider social value⁵ for services above specified procurement thresholds⁶ at the pre-procurement stage. Authorities can however apply the concept of social value more widely than this and this Guidance recommends that authorities consider social value for other contracts (for example below the threshold or for good and works) where it is relevant to the subject matter of the contract and deemed to be beneficial to do so.
3. To achieve the right balance – and before deciding how to fulfil their Best Value Duty – authorities are under a Duty to Consult⁷ representatives of a wide range of local persons; this is not optional. Authorities must consult representatives of council tax payers, those who use or are likely to use services provided by the authority, and those appearing to the authority to have an interest in any area within which the authority carries out functions. Authorities should include local voluntary and community organisations and small businesses in such consultation. This should apply at all stages of the commissioning cycle, including when considering the decommissioning of services. In the interests of economy and efficiency, it is not necessary for authorities to undertake lifestyle or diversity questionnaires of suppliers or residents.
4. Authorities should avoid gold-plating the Equality Act 2010 and should not impose contractual requirements on private and voluntary sector contractors, over and above the obligations in that Act. Local authorities should seek to remove unnecessary paperwork and obstacles to contract compliance thereby making it easier for small and medium firms and the voluntary sector to apply and bid for contracts, and lowering costs to taxpayers.
5. Authorities should be responsive to the benefits and needs of voluntary and community sector organisations of all sizes (honouring the commitments set out in Local Compacts) and small businesses.

² local authority; a National Parks authority; the Broads Authority; the Common Council of the City of London in its capacity as a police authority, the London Fire and Emergency Planning Authority; a Waste Disposal Authority, Joint Waste Authority, an Integrated Transport Authority; Transport for London. See Section 1 of the Local Government Act 1999, economic prosperity boards established under section 88 and combined authorities established under section 103 of the Local Democracy, Economic Development and Construction Act 2009.

³ Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007).

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/79273/Public_Services_Social_Value_Act_2012_PPN.pdf

⁵ seeking wider social, economic or environmental benefits.

⁶ £111,676 (central government) and £172,514 (other contracting authorities).

⁷ Section 3(2) of the Local Government Act 1999.

6. Authorities should not commission services from, give grants to or sell assets to an individual or organisation which actively or vocally opposes fundamental British values, including democracy, the rule of law, individual liberty, and mutual respect and tolerance of different faiths and beliefs; or which calls for the death of members of our armed forces. Authorities should ensure that effective processes are in place to provide assurance on this before entering into any agreement.
7. Authorities should seek to avoid passing on disproportionate reductions - by not passing on larger reductions to the voluntary and community sector and small businesses as a whole, than they take on themselves and in particular:
 - An authority intending to reduce or end funding (where 'funding' means both grant funding and any fixed term contract) or other support to a voluntary and community organisation or small business should give at least three months' notice of the actual reduction⁸ to both the organisation involved and the public/service users.
 - An authority should actively engage the organisation and service users as early as possible before making a decision on: the future of the service; any knock-on effect on assets used to provide this service; and the wider impact on the local community.
 - Authorities should make provision for the organisation, service users, and wider community to put forward options on how to reshape the service or project. Local authorities should assist this by making available all appropriate information, in line with the Government's transparency agenda.

⁸ Where on the basis of past practice the organisation might have some basis for expecting the funding or contract to be continued.