



Government of South Georgia & the South Sandwich Islands

PROCUREMENT POLICY

Summary

This document sets out the principles, rules and procedures for the procurement of goods, services and/or works for the Government of South Georgia and the South Sandwich Islands.

General Principles

The Government of South Georgia & South Sandwich Islands (GSGSSI) will apply the following principles to the procurement of goods, services and/or works:

- Delivering **Value for Money**. Procurement should enable the optimal whole-life blend of economy, efficiency and effectiveness that achieves the intended outcome for the GSGSSI.
- Demonstrate **Integrity** by preventing the risk of corruption or the suspicion of fraud.
- Demonstrate and ensure **Fairness**, through equality of treatment of all suppliers and transparency in decision making.
- Procure goods and services in a way that promotes **social responsibility and environmental sustainability**. GSGSSI wants to send a clear message that it does not have to select the cheapest bid and that they can design evaluation criteria to include wider economic, social or environmental benefits.

Policy

This policy sets out guidance and rules that must be followed by those procuring a contract for the supply of goods, services and/or works for GSGSSI. All contracts must be let in accordance with applicable legal requirements, this policy, and any scheme of delegation. A contract is a legally enforceable promise between two or more separate persons or legal entities (e.g., companies, charities, trusts etc.) for valuable consideration (e.g., money). Contracts can be oral as well as written.

GSGSSI comprises of a small team that needs to operate flexibly. To protect officers and reduce the risk of fraud these rules must be followed. Applying a clear set of rules will also enable GSGSSI to demonstrate to contractors, stakeholders and auditors that it handles contracts fairly and transparently.

These rules apply to contracts for supplies, services (which includes professional, technical or any other consultancy service) and works; or any combination of the three except where a dispensation in accordance with the rules is issued.

This process spans the whole life cycle from the initial concept and definition of the business need through to the end of the useful life of an asset or end of contract. All spending should primarily be based on best value for money, which means taking into account the optimum combination of whole life cost and quality to arrive at an evidenced most economically advantageous decision.

In terms of this policy, GSGSSI applies the UK Government's definition for value for money as "the best mix of quality and effectiveness for the least outlay over the period of use of the goods, works or services bought." Value for money also involves an appropriate allocation of risk and an assessment of the procurement to provide confidence about its probity, suitability, and economic, social and environmental value over its life cycle.

This should normally be achieved through open competition, subject to appropriate value thresholds.

The final spending decision should be based on an assessment of all realistic options taking into account the location of where the contract will be delivered. Any assessment should include expected running costs and other support costs (if known) when making purchasing decisions, beyond the cost of the goods or services to be procured.

Procedures

Before undertaking a new procurement, the following requirements should be followed and all the below should take into account the wider principles of this policy.

General requirements.

Unless provided for differently under the rules for thresholds below, GSGSSI will, for each contract tender provide: -

- a. A specification or description including quality standards of the supply, services and/or works for which a tender will be undertaken.
- b. A date, time and place within and at which the supply, services and/or works are to be performed, completed and/or delivered.
- c. A description of how the tender will be advertised, and the time within which tenders must be submitted.
- d. Details on how the tender will be evaluated.

An invitation to tender or quote does not bind GSGSSI to accept any tender or quotation.

Thresholds

The thresholds described below refer to the estimated value across the lifespan of a contract by the aggregated category spend.

Contracts up to estimated value of £5000.

1. Purchases must be approved by the Chief Executive Officer or the relevant Director.
2. There is no mandatory requirement for a written contract. As a minimum, all purchases must be made in writing and accompanied by a purchase agreement which includes a reference to GSGSSI's Standard Terms and Conditions of Purchase. However, a written contract may be appropriate for some contracts where it is important that there is a clear/detailed specification or where special terms or conditions are needed.
3. There is no requirement to advertise.
4. There is a requirement to obtain at least one quotation (preferably written). GSGSSI should be able to demonstrate that they have obtained value for money using this avenue.
5. Where there is an approved supplier for particular supplies, services or works then the contract can be placed with the approved supplier once the relevant approval has been obtained.

Contracts of an estimated value over £5000 to £20,000.

1. The Chief Executive Officer must approve purchases.
2. A written specification will be produced. The specification sets out the requirements in as much detail as is necessary to ensure that the contractor is clear about what is to be delivered under the contract.
3. GSGSSI will obtain, as a minimum, a proposal from potential contractors for delivering the contract. The presumption is that more than one proposal should be sought to help achieve value for money. GSGSSI will not share proposals or quotes from one potential contractor with another.
4. The most advantageous proposal will be selected. Checks will be made that the contractor can still deliver on the contract and that the quote is within budget.
5. Prepare/obtain contract/order documentation and make sure it is fit for purpose. GSGSSI will negotiate on terms and conditions where necessary.
6. Once authority from the Chief Executive Officer to enter into the contract has been obtained, execute the contract documents if acceptable and notify the contractor of the award.
7. Where other proposals have been obtained but not selected, GSGSSI will inform potential contractors that they have been unsuccessful.
8. GSGSSI will monitor the performance of the contractor to ensure that the contract is delivered on time and to the quality specified.
9. Pay the contractor in accordance with the contract terms.
10. Where there is an approved supplier for particular supplies, services or works then the contract can be placed with the approved supplier once authorisation has been approved.

Contracts of an estimated value between £20,000 and £75,000.

Proceed as set out above except:

1. Permission to move to tender must be approved by the Chief Executive Officer, after consultation with the Senior Leadership Team.
2. The tender process should be made under an open market Competitive Procurement Process.
3. The invitation to tender will be advertised widely using appropriate media to the subject matter of the contract, with the intention to seek a minimum of at least three written quotations, if practicable.
4. Proposals must be evaluated and the decision for the award recorded.
5. The contract must be in writing.

Contracts over £75,000.

Proceed as above except that GSGSSI will:

1. Permission to move to tender must be approved by the Commissioner based on advice from the Chief Executive Officer, after consultation with the Senior Leadership Team
2. Go out to formal tender with a clear and detailed specification and draft contract. This will be accompanied by the tender evaluation criteria and instructions on how to tender.
3. The invitation to tender will be advertised widely using appropriate media to the subject matter of the contract.
4. All invitations to tender in relation to a procurement opportunity will be published openly at least 30 working days in advance of the closing date widely using appropriate media to the subject matter of the contract to ensure a wide reach of suppliers.
5. Where relevant and proportionate to do so, for contracts in excess of £250,000, preliminary market consultation is permitted with the intention of informing the procurement process and potential suppliers.
6. The GSGSSI will set out the process by which bids will be received. Any extension to closing deadlines must be notified to all bidders.
7. The Tender Process must include an appropriate assessment of the quality of the proposal, the price of the offer and the financial robustness of a preferred supplier.
8. If an invitation to tender is based on estimated work, or an estimated quantity of goods or materials, the tenderer must state their rates based on the estimates. Unless the contract terms state otherwise, those rates will then be firm regardless of whether the estimated figures are reached during the contract term.
9. Tenders shall be evaluated by a Tender Board set up and chaired by the Chief Executive, or another Senior Official nominated by the CEO. It will be made up of people considered by the Chair to have appropriate knowledge, judgement and experience to evaluate the tenders. The Tender Board

- should avoid having members where there is, or could be perceived to be, a conflict of interest due to a family, personal or a financial relationship.
10. If, during the evaluation the Tender Board agrees to consider a tender which does not meet all the criteria, all other tenderers should be given the opportunity to revise their bids on a similar basis, within a specified timescale.
 11. The Tender Board will make a recommendation on a tender proposal when it is satisfied that the recommended tender is in the best interests of GSGSSI. The outcome is recorded and signed off by the Board Members. The report will be submitted to GSGSSI's Senior Leadership Team who will advise the Commissioner on the award of the tender.
 12. If no tender is acceptable, the Chief Executive Officer, or Chair of the Tender Board (if different), may, with the agreement of the Senior Leadership Team negotiate with one or more bidders to try to obtain a satisfactory offer.

Contracts will be signed by the Chief Executive Officer and then details recorded on the GSGSSI Contracts Register.

Combining or Splitting Contracts

Artificially combining or splitting contracts is not permitted.

Contracts should only be combined where the contracts are for similar goods, services and/or works and/or there is synergy between the contracts such that GSGSSI is likely to achieve better value for money by combining the contracts, and the combination of contracts is unlikely to restrict the number of potential bidders.

A contract should only be split where doing so would not risk adversely effecting project delivery and where doing so will enable the Government to achieve better value for money and encourage a greater number of bidders to participate in the competition for the contract.

Approved Suppliers

Given the logistical difficulties in getting goods and services to the Falkland Islands and SGSSI, limited suppliers on the Falklands and long lead in times due to shipping frequencies, it can be more efficient to source goods and services through an approved supplier.

The approved supplier will source goods and services, procure them on behalf of GSGSSI and, where necessary, arrange for shipping of goods to the Falkland Islands. The approved supplier will comply with appropriate biosecurity controls. Any approved supplier will comply with GSGSSI procurement rules, will charge in accordance with terms agreed with GSGSSI and will be transparent in the charges/commission that they apply. There will be a written agreement with approved suppliers reflecting the terms and conditions of the arrangement with them.

GSGSSI will test the market for approved suppliers periodically and identify approved suppliers based on quality of service, range of goods and services offered and cost.

Exceptions to the Standard Procedures

Matters of Urgency

Where it is necessary to procure goods, works or services as a matter of urgency and loss, injury and/or damage would be entailed by delay then a dispensation from some or all the above rules may be permitted by the Chief Executive. The justification for the dispensation permitted must be recorded with the contractual documents.

Highly Specialised Requirements

Where the procurement of goods, works or services is highly specialised or requires a specialised set of skills and experience and it is unlikely that an advert will attract more than one bidder therefore, there would be no advantage in inviting competitive tenders, then the Chief Executive may permit a dispensation from some or all of the procurement rules. The justification for the dispensation permitted must be recorded with the contractual documents.

No effective competition

Where there is no effective competition for the subject matter of the contract because payment is fixed under statutory authority or because the subject matter is a patented or proprietary article or is available from only one source. The justification for the dispensation permitted must be recorded with the contractual documents.

Other Exceptional Reasons

Where it is appropriate and/or necessary to carry out a closed process where it is not viable to have open advertisement, such as where:

- i. If the subject matter is confidential and open advertisement of the procurement could have a detrimental effect to GSGSSI or to certain suppliers; or
- ii. If the requirement is such that it can only be supplied by an organisation or agency accredited or registered overseas.

Contract Award

It is the responsibility of GSGSSI to arrange drafting of the contract for agreement by the successful supplier.

There are circumstances where it is appropriate to agree to supplier terms of service rather than use a GSGSSI form of contract. These circumstances could be due to the nature of the goods or the financial strength of the supplier. Legal advice should be sought if the Chief Executive Officer considers that the level of risk and materiality warrants this.

All Contract formalities must be concluded before the supply, service or works begin, bar in exceptional circumstances, and then only with the written approval of the Chief Executive Officer. The Officer responsible for securing signature of the Contract must ensure that the person signing for the other contracting party has authority to bind it.

Contracts Register

Where a Contract is awarded with a value of above £20,000 the following information shall be published on the Contracts Register:

- a. name of contractor.
- b. date on which Contract agreed, commenced, and completed.
- c. value of Contract.
- d. whether contractor is an approved supplier, a local or voluntary and community vector enterprises.
- e. A brief description of the contract.

The information in the Contracts Register and the list of approved suppliers will be publicly available, unless the release of this information, or any part of that information is deemed to be not in the interest of GSSSI by the Chief Executive. Details of the contract will remain on the register for 12 years after the date of completion of the contract.

Contracts and Documentation

A Contract must be executed as a deed when one or more of the following situations exist:

- i. The Contract relates to a construction project (whether a Contract for Works or a Contract for Services) where the overall value of the Works or Services is greater than £500,000;
- ii. Contracts for Works below the value of £500,000 where there is a risk of latent defects;
- iii. Where it is particularly complex or high risk;
- iv. Where it is a mortgage or charge;
- v. Where it is for the acquisition or disposal of an interest in land;
- vi. Where it is an appointment of a trustee, and/or;
- vii. Where it is a power of attorney. Notwithstanding the above, there is no requirement for a Contract to be executed as a deed where the Chief Executive Officer has determined that a deed is not required.

The formal advice of the Chief Executive Officer must be sought for a Contract that includes one or more of the following features:

- i. Where it involves financial lease arrangements.
- ii. Where it is proposed to use a contractor's own terms.
- iii. Where it is particularly complex or high risk.
- iv. Where payment in advance is required then formal written approval of the Chief Executive Officer is also required.

Contract Extensions and Variations

Where GSGSSI wishes to continue an existing contract that includes provision for extension within the contract terms, approval from the Chief Executive Officer must be obtained.

Such extensions must be determined in accordance with the contract terms, granted for a specified period and made in accordance with the principles set out in these rules, including probity. Extensions to contracts are limited in time to a maximum of 50% of the original contract length.

Approval for an extension must be approved within: -

- a. For contracts of 12 months or less, before 75% of the length of the original contract has been completed.
- b. For contracts between 1 and 4 years, within 4 months of the end of the original contract.
- c. For contracts of between 5 and 10 years, 1 year before the end of the original contract
- d. For contracts over 10 years, 2 years before the end of the original contract.

All extensions must be fully documented and recorded on the Contracts Register.

Renewals to software agreements essential to the provision of GSGSSI services are exempt from this provision.

Review

This policy can be reviewed at any time but must be reviewed within 5 years of coming into force.

Contact

Director of Operations