



Spelthorne Borough Council  
Procurement Policies & Procedures

**05\_ Tender Process for ‘below-threshold’ contracts  
(including Reserving Contracts)**

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## 05\_ Tender Process for 'below-threshold' contracts (including Reserving Contracts)

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## 1. Introduction

The Contract Standing Orders (CSOs), the Council's Financial Regulations applicable to the procurement of works, goods and services, specify the procurement processes to be followed for specific procurement values.

Whilst lower value procurements may be carried out by just obtaining a price in advance with a Request for Quote (RFQ), larger value, more complex and strategic procurements require a full procurement tender process, compliant with the Procurement Act 2023 (PA23) where the procurements thresholds apply.

Projects classed as key decisions and those subject to PA23 must be entered on to the Forward Plan in advance.

## 2. Purpose

Under PA23, specific arrangements also apply to 'below threshold' procurements (in addition to the stricter requirements of above the threshold).

A contract is defined as "below-threshold" if its estimated value is **below the financial thresholds** set out in the regulations. For local authorities in particular, this means most **smaller-value contracts** for goods, services, or works fall into this category. Management of below threshold contracts is considered further in section 4.

This procedure provides guidance to officers on the most appropriate procurement processes to be used. It provides templates to be used (where applicable).

## 3. Procurement Value thresholds

SBC Contract Standing Orders specify the following processes:

Value	Process
Up to £5k	Obtain a price in advance for the goods or services. ( <b>Must be</b> sourced from a local provider unless this is not possible, and in such circumstances an exemption must be completed). See Reserving Contracts
£5k - £30k	Obtain a minimum of three written quotes in advance. Keep these on record.
Above £30k and up to threshold at which PA23 applies <sup>1</sup>	A full tender exercise must be undertaken, with support from Corporate Procurement.

Procurements with whole life contract value PA23 threshold or above	A fully compliant procurement must be undertaken. Corporate Procurement must be consulted and will support the process.
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**You must always ensure that you have an approved budget before proceeding to obtain quotes or tendering your requirement.**

Details provided below refer to the process for sourcing your requirement from third parties / external suppliers.

#### **4. Managing the tender process for ‘below threshold’ contracts**

The general principles of PA23 still apply. Even for below-threshold contracts, authorities must act in line with the PA23 core objectives:

- Delivering value for money
- Maximising public benefit (social, economic, environmental)
- Sharing information to allow fair competition
- Acting with integrity

This means transparency and fairness are still expected, even if the process is simplified. A full tender notice is not required for most below-threshold procurements, but a “below-threshold transparency notice” must be published before awarding a contract, except where an exemption applies.

Publication is only required if the supplier is not already known; so, if a direct award is being made under an exemption, no notice is needed.

#### **5. Reserving Contracts**

Under PA23, as in PCR2015, authorities have **discretion** to “reserve” below-threshold contracts for:

- Suppliers located in a particular area (e.g. within the local authority boundary)
- SMEs and Voluntary, Community & Social Enterprises (VCSEs)

This can be particularly advantageous where SBC may wish to stimulate economic development within the Borough.

#### **6. Considerations in Reserving a Contract**

Officers should always consider the following when reserving a contract for specified sectors of the market. That:

- value for money is achieved
- the sector or market has been researched sufficiently to predict a good outcome
- risks are identified and mitigating actions in place, for example to prevent fraud

- an approved budget is available
- an appropriate form of contract is used
- suitable performance measures are in place to measure the outcome
- thorough supplier due diligence is carried out
- that the outcome of such a procurement is published on Find a Tender.

## **7. Direct Awards & Flexibility**

PA23 allows direct award of below-threshold contracts without competition in many cases, particularly where there is a limited market or urgent need. However, if there is reasonable market interest, a proportionate competitive process should still be run.

## **8. Exemptions**

Certain low-value contracts (e.g. for utilities or concessions) may be entirely exempt from the Act's requirements.

## **9. Obtaining a Quote**

A template below threshold procurements is at Appendix A. This can be used for those procurements, which do not need to be supported by Corporate Procurement, i.e. those below £30k. You should also advise Corporate Procurement when undertaking below threshold procurements, as there may be a need to publish a 'below threshold transparency notice'

It is important to issue as much information as possible to the market in respect of your requirement. Wherever possible, and especially where certain specific criteria must be met, you should include a detailed Specification of Requirements. For example, include details of any technical, performance or quality requirements, or key dates which must be met. Environmental and / or Social Sustainability requirements should always be given the level of consideration appropriate to the project.

The template can be used for any project with a value up to £30k. Requests must be sent to a minimum of three suitable providers, and ideally a minimum of three quotes received. In some circumstances, where few providers exist in the market, there may be fewer than three returns. In such circumstances, providing that value for money can be demonstrated, a compliant quote may be accepted.

Note that you will need to contact Legal Services for support in developing a contract for any procurements valued at £5k or above.



## QUOTE FOR BELOW THRESHOLD PROCUREMENT

[NAME OF REQUIREMENT]

### 1. BACKGROUND

[Insert high level details here of the Council and why the project team is now requesting quotes].

### 2. SPECIFICATION

Enter here the details of your requirement, as below:

- Services / goods description
- Works description (consult with FM/Assets/Procurement if a Works project)
- Timescales – when is this need and for how long
- Required standards of performance – KPIs, specific technical requirements, etc.

### 3. INSTRUCTIONS FOR RETURNING YOUR COMPLETED RESPONSE

[insert your email address if the project is under £40k, otherwise this will need to go through Corporate Procurement]

Return your response no later than [DATE].

Responses must include:

- Responses to all Method Statement Questions;
- Additional technical information / Methods of Work etc.
- Pricing

### 4. QUESTIONS TO BE COMPLETED BY SUPPLIER

QUESTION	WEIGHTING (%)	SUPPLIER RESPONSE


#### Scoring matrix

0	Response fails to meet requirements / no proposal to the requirement is given
1	Response significantly fails to meet the requirements, or contains significant shortcomings
2	Response falls short of achieving expected standard in a number of identifiable respects
3	Proposal meets the most requirements but is lacking or inconsistent in others
4	Requirement is fully met in all respects
5	Requirement is fully met and exceeded in some or all of the major requirements

#### 5. PRICING SCHEDULE (amend as required)

Description	Price (A)	Quantity (B)	Total Price A*B)
TOTAL PRICE			

Price quoted is available for ..... days

Discounts: