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Group Contract Rules

Compliance with Group Contract Rules

1. Every Contract made by Coastline Housing Group (“the Group”) or member of staff acting on its behalf must comply with these Group Contract Rules, all relevant Statutory Provisions, including the Procurement Act 2023 and the Procurement Regulations 2024, the Group’s Financial Regulations and the Coastline Plan. Contracts relating solely to employment contracts are exempt from the requirements of these Group Contract Rules. The Group Contract Rules shall be read in conjunction with the Financial Regulations.
2. A Contract is an agreement between the Group and an individual or organisation for the individual or organisation to provide works, goods or services (including the engagement of consultants) for which the Group will provide consideration.
3. Staff responsible for procurement must obtain value for money (VfM) and apply the principle of proportionality in relation to the procurement route being used. Before commencing procurement, the need must be confirmed, options evaluated, and aggregation considered where lawful and beneficial.
4. Exceptions from any of the following provisions of these Group Contract Rules may be made under the provisions of Contract Rules 16 – 19 or otherwise by direction of the Board where they are satisfied that the exception is justified in special circumstances and does not breach legislation, including the procurement legislation applicable at the time of the procurement activity.
5. Contracts relating solely to disposal or acquisition of land are subject only to Contract Rule 53.

Responsible Directors

6. “Responsible Director” means any member of the Executive Team (including successors/interims) with responsibility for the procurement.

Classification of Contracts

7. A Works Contract means a contract where its main purpose is:
 1. The carrying out of works under the contract (whether or not resulting in a complete work); or
 2. To facilitate the carrying out of works otherwise than under the contract, where those works are intended to result in a complete work that complies with the specifications set out in, or determined under, the contract.

Works activities are listed in Schedule 3 of the Procurement Regulations 2024. Some examples of Works Contracts activities are listed in Schedule 1 of these Group Contract Rules.

8. A Services Contract means a contract for the supply of services including the engagement of consultants. Some examples of Services Contracts are listed in Schedule 1 of these Group Contract Rules.
9. A Goods Contract means a contract for the supply of goods including building materials. Some examples of Goods Contracts are listed in Schedule 1 of these Group Contract Rules.

Social Value

10. This paragraph applies to Goods and Services Contracts (as defined in the Procurement Act 2023) above Threshold 4 and Works Contracts above Threshold 6. However, social value can also be considered for below threshold goods, works or services contracts.
 - a. Before starting the procurement process, consideration must be given as to:
 1. How the proposed procurement process integrates with and supports the delivery of the Coastline Plan 2025-30 and associated strategic plans, including the Environmental Strategy, Asset Management Strategy and Development Strategy;
 2. How what is proposed to be procured might improve the economic, social and environmental well-being of the Group's area of operation, and
 3. How, in conducting the process of procurement, the Group might act with a view to securing that improvement.
 - b. Only matters relevant and proportionate to what is being procured can be considered;
 - c. Consideration must be given as to whether any consultation should be undertaken, and the conclusion and the reasons for the conclusion must be recorded; and
 - d. Where proportionate and appropriate to the outputs of the contract, Coastline shall include a 10% weighting for social value in all competitive tendering.

If urgency renders it impractical to comply with these requirements before the procurement process is started, then these requirements may be disregarded to the extent that it is not practical to comply with them, provided that the urgency is not due to delay or inaction on the Group's part.

Conflicts of Interest

11. The Group will consider any potential or actual conflicts of interest in relation to the award of a contract and take steps to mitigate these. For Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6, the Group must comply with its duty under the Procurement Act 2023 to identify and mitigate any conflicts of interest and to prepare a conflicts assessment and review and revise this.

Corporate documents to also be referenced:

- Group Contract Rules;
- Group Financial Regulations; and
- Group Code of Conduct including Probity Standard and Declarations of Interest, Gifts and Hospitality.

Preliminary Market Engagement (PME)

12. The Group may undertake Preliminary Market Engagement (PME) to shape requirements, understand the market, and identify potential suppliers. For Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6, where an open or competitive flexible procedure is being used, the Group must publish a UK2 Preliminary Market Engagement Notice on the Cabinet Offices Central Digital Platform and undertake PME, unless reasons for not doing so are provided for in the Tender Notice.

For below threshold procurement activities, PME may be informal and a PME notice may be used to gauge supplier interest and shape requirements, however, this is not and must not be referred to as an Expression of Interest (EOI).

Specifications

13. Enquiries and Invitations to Tender (ITT’s) shall be based on a written specification. The specification shall adequately describe the required procurement in sufficient detail to enable effective procurement in accordance with these rules. Conformance based specifications are preferred under the Procurement Act 2023, as they help ensure quality, fairness, and non-discriminatory competition.

Supplier Qualification

14. The Group shall only award a contract where the supplier meets proportionate and relevant conditions of participation relating to legal and financial capacity and technical ability. For above-threshold procurements, these suitability assessments may take place through a compliant multi-stage procedure or as part of the tender evaluation. For below-threshold procurements, the Group may use its internal supplier register to identify suitable suppliers, provided this does not unlawfully restrict competition and suppliers are not prevented from joining the register. The supplier register is maintained for administrative and contract-management purposes and does not operate as a closed Approved List. (See Financial Regulations).

Requirements for Quotation/ Tender and Public Advertisement

15. The following table sets out the procurement approach and notice requirements. This is subject to Group Contract Rules 16 to 19 below and the use of frameworks in accordance with Contract Rule 20.

Threshold Reference	Threshold Value (inclusive of VAT)	Procurement Routes available	UK4 Tender Notice - Central Digital Platform Advertisement Requirement	Rationale	Examples
Threshold 1	Up to £10,000	<ul style="list-style-type: none"> At least one quotation 	Not required	Ensuring compliance with internal governance.	Small office supplies, minor maintenance work.
Threshold 2	£10,000 to £50,000	<ul style="list-style-type: none"> 3 Quotes Closed Tender Open Tender Competitive Flexible Procedure (CFP) Framework/ Dynamic 	**Optional	Ensuring compliance with internal governance and value for money.	Medium-sized equipment purchases, consultancy services, minor works.

		Purchasing System (DPS)/ Dynamic Market (DM) <ul style="list-style-type: none"> • Direct Award without competition 			
Threshold 3	£50,000 to £207,720*	<ul style="list-style-type: none"> • Closed Tender • Open Tender • CFP • Framework/ DPS/ DM • Direct Award without competition 	**Optional	Ensuring compliance with internal governance, value for money and compliance with procurement legislation.	Large-scale IT services and consultancy minor works.
Threshold 4	Over £207,720* (Goods and Services)	Compliant process under Procurement Act 2023 <ul style="list-style-type: none"> • Open Tender • CFP • Framework/ DPS/ DM • Direct Award without competition 	If open tendering or CFP is selected, a tender notice must be published on the Cabinet Office's Central Digital Platform.	Ensuring compliance with internal governance, value for money and procurement legislation.	Major materials supply contracts, comprehensive service agreements.
Threshold 5	£207,720* to £5,193,000* (Works)	<ul style="list-style-type: none"> • Closed Tender • Open Tender • CFP • Framework/ DPS/ DM • Direct Award without competition <p>– see Contract Rule 15 (b) below</p>	**Optional	Ensuring compliance with internal governance, value for money and compliance with procurement legislation.	Building construction and building renovations.
Threshold 6	£ Over £5,193,000* (Works)	Compliant process under Procurement Act 2023. <ul style="list-style-type: none"> • Open Tender • CFP • Framework/DPS/ DM • Direct Award without competition 	If open tendering or CFP is selected, a tender notice must be published on the Cabinet Office's Central Digital Platform	Ensuring compliance with internal governance, value for money and compliance with procurement legislation.	Major public works, construction and large infrastructure development.

*as updated by the Procurement Act 2023 from time to time. See Schedule 3 of these Group Contract Rules.

**If Open or Competitive Flexible Procedures are selected, a below-threshold tender notice must be published on the Cabinet Office's Central Digital Platform in advance of Invitation to Tender (ITT) publication on any other platform.

Note that all values must be calculated based on the total amount which the Group expects to pay under the contract including any extensions, renewals or options and are inclusive of VAT.

If the value cannot be identified it must be treated as over the Procurement Act 2023 threshold (Threshold 4 or 6, as applicable).

15(a). **Goods, Services and Works Contracts in Thresholds 2 & 3 – Below Threshold Procurement using Closed tendering, the Open Procedure or Competitive Flexible Procedure (CFP):**

1. Where open market tendering is selected, a below-threshold tender notice must be published on the Cabinet Office's Central Digital Platform, setting out particulars of the contract and identifying where the Invitation to Tender can be obtained. This step should be completed in advance of publishing any Invitation to Tender (ITT) documents on any tender portals.
2. No shortlisting of potential suppliers is permitted where open tendering is used.
3. Where a closed process is being used, no public notice is required, and the Group may select suppliers directly, informed by PME where appropriate.
4. Tenders are to be submitted and opened in accordance with Group Contract Rules 24.

15(b). **Works Contracts in Threshold 5 (Works) - public advert, restrictive tendering**

1. Where open market tendering is selected, a below-threshold tender notice must be published on the Cabinet Office's Central Digital Platform, setting out particulars of the contract and identifying where the Invitation to Tender can be obtained. This step should be completed in advance of publishing any Invitation to Tender (ITT) documents on any tender portals.
2. No shortlisting of potential suppliers is permitted where open tendering is used.
3. Where a closed process is being used, no public notice is required, and the Group may select suppliers directly, informed by PMEN where appropriate.
4. Tenders must be submitted and opened in accordance with Group Contract Rules 25 and 26.

15(c). **Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6**

1. The procurement activities must comply with the requirements of the Procurement Act 2023 and Public Contract Regulations 2024.
2. The procurement process must be managed through an electronic tendering portal and the Cabinet Office's Central Digital Platform in accordance with all statutory notice obligations adhered to in full.
3. Where the Competitive Flexible Procedure is used, shortlisting of potential suppliers is permitted through the application of lawful conditions of participation.

4. Where the Open Procedure is used, shortlisting is not permitted at any stage prior to receipt of tenders, however, only bids from those who meet the conditions of participation will be fully evaluated.
5. Where another lawful procurement route under the Procurement Act 2023 is used (including but not limited to direct award or call-off under a compliant framework agreement, DM or DPS), the relevant rules associated with that procedure will be applicable.
6. Tenders are to be submitted and opened in accordance with Group Contract Rules 25, 26 and 27.
7. This Group Contract Rule 15 (c) is subject to Group Contract Rule 16.

Direct Awards

16. The award of a contract may deviate from Group Contract Rule 15 (c) above where this is permitted under the Procurement Act 2023 in relation to the award of a Goods and Services Contract in Threshold 4, or a Works Contract in Threshold 6. This is only compliant in certain cases permitted under Schedule 5, paragraph 5 of the Procurement Act 2023. A summary of these cases, known as “direct award justifications”, is set out in Schedule 4 of these Group Contract Rules.
17. If a contract is to be awarded under a direct award justification, it will be necessary to demonstrate how the specific direct award justification is met and the contract award must comply with the requirements of the Procurement Act 2023 (in particular Section 41 and Schedule 5). This includes the publication of a Transparency Notice and Contract Award Notice before the award of the contract, and of a Contract Details Notice after the award of the contract on the Cabinet Office’s Digital Platform.

Where the total value of a contract exceeds £500,000, in relation to a direct award of a Goods and Services Contract in Threshold 4, or is a Works Contract in Threshold 6, this must be authorised by the Board. Coastline’s Group Contract Rules 54 to 61 deal with the application of direct awards in respect of turnkey contracts and package deals.

Where a direct award is considered for a below threshold procurement, covered in Thresholds 2, 3 and 5, permission must be obtained in accordance with the Delegation Framework (Schedule 2) of the Group Standing Orders.

All Procurement Act 2023 notice obligations, in respect of notifiable below threshold procurements must be adhered to.

Exceptional Cases

18. Contract Rule 15 shall not apply to the award of a Goods and Services Contract below Threshold 4 or a Works Contract below Threshold 6 where exemptions apply as detailed in Contract Rule 19. The exception is not permitted to take the Contract above the relevant threshold.

19. The relevant Board, Committee or Executive Team authorising the expenditure may decide that only one tender shall be sought where the Goods, Services or Works:
- (a) Constitute an extension of an existing contract and the proposed extension is at a value not greater than the original contract sum plus CPI, unless additional costs and responsibilities can be justified by the Responsible Director, and it is considered by the relevant Senior Manager (a member of the Executive Team or an Assistant Director) that, taking into account the cost of re-tendering, the Group is unlikely to benefit from a reduced contract sum. The relevant Responsible Director must obtain approval by submitting a report to the appropriate Board, Committee or Executive Team setting out his/her proposal; or
 - (b) Constitute the development of the existing contract into a Partnering Agreement where the proposed agreement is at a value not greater than the original contract sum plus CPI, unless additional costs and responsibilities can be justified by the Responsible Director, and it is considered by the relevant Responsible Director that, taking into account the cost of re-tendering, the Group is unlikely to benefit from a reduced contract sum when benchmarked with other similar organisations. The relevant Responsible Director must obtain approval by submitting a report to the appropriate Board, Committee or Executive Team setting out his/her proposal; or
 - (c) Constitutes the continuation of a programme of works commenced by a contractor and the Responsible Director certifies that there are exceptional circumstances why the Responsible Director should seek or negotiate a tender from that contractor only.
 - (d) Are provided as part of a land transaction and the Responsible Director certifies that, due to exclusive rights, only that supplier can provide the goods, services or works.
 - (e) Other exceptional circumstances providing that it is in compliance with all legislation.

Use of Frameworks (Including Dynamic Purchasing Systems & Dynamic Markets)

20. Where the Group creates a framework, is a member of a Consortium which owns and establishes frameworks, or has the facility to access a framework, it may do so provided that:
- (a) The Group verifies that the framework has been set up in compliance with the Procurement Act 2023 or Public Contracts Regulations 2015 or (as applicable) for Goods and Services Contracts awarded which are in Threshold 4 and Works Contracts in Threshold 6;
 - (b) The Group verifies that it can legally and legitimately access the framework. This includes confirming that: the framework identifies the Group within the type of contracting authorities which can use the framework, the framework is still in force, the contracts awarded under the framework are within the overall value for the framework and that the framework includes the goods/services/works of the type to be awarded;
 - (c) Where an award is to be made without any further competition from a multi-supplier framework, the supplier is identified using an objective mechanism which is set out in the framework and the core terms of the contract are set out in the framework;
 - (d) Where an award is made using a further competition (commonly known as a “mini competition”) from a multi-supplier framework, the competition procedure must be carried out as set out in the framework agreement and comply with the requirements for the Submission of Tenders below;

- (e) Where the framework is subject to the Procurement Act 2023, the required notices are published on the Cabinet Office's Central Digital Platform before and following the contract award;
- (f) Where the framework is subject to the Public Contract Regulations 2015, the relevant transitional notice requirements must be adhered to.

Contracts

21. Every contract over Threshold 1 shall be in writing and specify
- (a) the services, goods or works to be supplied;
 - (b) the price to be paid, with a statement of discounts or other deductions (if any); and
 - (c) the time or times within which the contract is to be performed.

22. Every contract which exceeds Threshold 3 shall provide for payment of liquidated damages by the supplier in case the terms of the contract are not performed.

Issue of Documentation and Submission of Tenders

23. Issue of documentation above Threshold 3;
All documentation must be provided to interested suppliers electronically.
24. Submission Procedures for contracts up to Threshold 3;
An electronic tendering system should be used for submission of tenders.
25. Submission Procedures for contracts above Threshold 3;
- (a) An electronic tendering system must be used for publication and submission of tenders.
 - (b) The electronic tendering system must keep all submitted bids inaccessible until after the relevant submission time/date.
 - (c) Following the tender submission time, the tenders received shall be released by the Responsible Director.
26. Additional requirements for contracts above Threshold 4;
Following the tender submission time the tenders received shall be released by the Director of Development Partnerships and Growth (DDPG) or nominee.
27. For Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6, the tender process must comply with the Procurement Act 2023 which permits the use of a competitive tendering procedure which is either single stage tendering without a restriction on who can submit tenders (an "open procedure") or such other competitive tendering procedure as the Group considers appropriate (a "competitive flexible procedure"). A competitive flexible procedure may be multi-stage, can limit the number of participating suppliers and drive innovation and best value via multiple stages.
28. In the case of below-threshold closed procurements, tenders received after the time and date specified in the invitation to tender shall be considered only in exceptional circumstances and in all circumstances only if tenders received on time have not been released under Contract Rule 25c or 26 as appropriate. Authorisation to consider such a tender must be obtained from the Responsible Director prior to release of that tender. Confirmation of this authorisation must be included in any contract award reports. To ensure fairness and transparency, bids

relating to above threshold competitive tenders must be received by the submission deadline with no exceptions.

Acceptance of Quotations and Tenders

29. The bid that is most advantageous (Most Advantageous Tender - MAT) shall be accepted. Each tender shall be evaluated for price and quality (including social value where incorporated) to ascertain the most advantageous tender.
30. For procurements over Threshold 3 the questions and scoring system used to evaluate quality shall be provided in the invitation to tender documentation.
31. The impact on Coastline's Values must be included within the scoring system. Note also the requirements for Social Value at Contract Rule 10.
32. Where the Responsible Director considers it in the best interests of the Group, in relation to below threshold procurements and where an Open Procedure has not been utilised, they may negotiate with the tenderers whose tenders are being considered for acceptance. Any negotiation which would distort competition is expressly forbidden. Details of the negotiations must be placed on the contract file;

For Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6 negotiation may only be carried out where this forms part of a competitive flexible procedure, and this must be carried out in accordance with the published procurement documentation and the requirements of the Procurement Act 2023, including treating all suppliers equally and in a fair and transparent manner;

Negotiation is not permitted where an open procedure is being used.

33. Arithmetical errors found in the most advantageous tender when checking shall be dealt with as follows:
 - (a) Where a manifest and purely arithmetic error is identified, the tenderer shall be asked to confirm the corrected figure. The correction shall be applied only where confirmation is received and only where it does not alter the substance of the tender.
 - (b) All arithmetical errors—whether the correction increases or decreases the tender price—shall be treated consistently and applied only following tenderer confirmation, ensuring equal treatment and maintaining the integrity of the evaluation process.

Signing or Sealing of Contracts

34. Every successful quotation/ tender shall be accepted in writing, provided that all contracts which exceed Threshold 4 in value and such other contracts as the DDPG shall determine shall be set out in a formal contract document. All signing of contracts must be authorised in line with the Delegations Framework as set out in Schedule 2 of the Group Standing Orders.

The Group Company Secretary or nominee will keep all Group's Seals securely and is authorised to apply them to validate documents giving effect to decisions previously made by the Board or under delegated authority. Particulars of every sealing will be entered in a Register and signed by each of the persons attesting the Seal in line with Coastline's procedure for sealing documents, subject to the rules of the Group.

Contract Details Notices

- 35. Contract Details Notices (above-threshold or below-threshold, as applicable) for all contracts of a value greater than £30,000 must be placed on the Cabinet Office’s Central Digital Platform by the relevant Senior Manager or nominee.
- 36. Where corporate framework contracts are in place they must be used by all members of staff where practicable.

Authority to Commit to the Group

- 37. Officers are authorised to commit the Group to expenditure on contracts in accordance with the Delegation Framework (Schedule 2) of the Group Standing Orders, as follows (the values stated are inclusive of VAT):

(a)	Board	Over £500,000
(b)	Chief Executive	Up to £500,000
(c)	Directors	Up to Threshold 3 £207,720
(d)	Senior Managers (see Contract Rule 19.a)	Up to Threshold 2 £50,000
(e)	Managers	Up to Threshold 1 £10,000
(f)	Other staff	As delegated by Budget Holders, low risk items, level not to exceed Threshold 1 and to be notified to the relevant Manager.

Nominated Sub-Contractors and Suppliers

- 38. Where a sub-contractor or supplier is to be nominated to a main contractor, the procurement of the services of the sub-contractor or supplier shall be subject to these Group Contract Rules.

Bribery

- 39. In every contract a clause shall be inserted to secure that the Group shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation if the contractor shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any action in relation to the obtaining or execution of the contract or any other contract with the Group, or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Group, or if the like acts shall have been done by any person employed by him or acting on his behalf (whether with or without the knowledge of the contractor), or if, in relation to any contract with the Group, the contractor or any person employed by him or acting on his behalf shall have committed any offence under the Bribery Act 2010.

Contracts Register

- 40. A record of all Contracts with a value greater than £10,000 shall be kept on the Group’s Contract Register, which is housed on the Group Intranet site. This register shall specify for each contract the name of the contractor, the works to be executed or the goods or services to be supplied, the contract value and the contract period (with any termination or expiry dates

to be aware of). This is the responsibility of the officer authorising the contract to ensure that a timely entry is completed. For Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6 it should also be stated whether the contract is subject to the Procurement Act 2023 or Public Contracts Regulations 2015 (in instances where the contract is awarded under a framework which was established under the old regime).

Contract Management

41. Any third party who is required to supervise a Contract on behalf of the Group shall be provided with and comply with the requirements of these Group Contract Rules.
42. Details of the supplier's performance under any Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6 will need to be published on the Cabinet Office's Central Digital Platform under a Contract Performance Notice or Contract Termination Notice where either (i) the supplier breaches the Contract and this leads to termination, damages or a settlement agreement or (ii) the Group considers that the supplier is not performing the Contract and has failed to do so after being given a reasonable opportunity to do so.
43. Goods and Services Contracts in Threshold 4 and Works Contracts in Threshold 6 which also have a value over £5 million (inclusive of VAT) are subject to specific contract management requirements under the Procurement Act 2023:
 - (a) The contract must be published on the Cabinet Office's Central Digital Platform; (redactions of commercially sensitive information are permitted)
 - (b) A minimum of three Key Performance Indicators (KPIs) must be set. Details of all KPIs must be published on the Cabinet Office's Central Digital Platform;
 - (c) The three most material KPIs must be detailed in the Contract Details Notice published on the Cabinet Office's Central Digital Platform;
 - (d) The supplier's performance must be assessed against the KPIs at least annually and on termination of the contract and details of the performance against the three most material KPIs at that time must be published in a Contract Performance Notice on the on the Cabinet Office's Central Digital Platform.

Contract Extensions of Time

44. In exceptional circumstances where it is in the interests of the Group and good value for money contracts may be extended subject to Contract Rule 37, Authority to Commit.
45. For contracts in Thresholds 1, 2, 3 and 5 such an extension shall be with the prior agreement of the Responsible Director. The value of the contract after the extension must not exceed Threshold 4 (Goods and Services) or Threshold 6 (Works).
46. An extension of a Goods and Services Contract which is in Threshold 4 or a Works Contract which is in Threshold 6 (or of a contract which would be within the applicable Threshold after the extension has been made) must be permissible under and comply with the requirements of the Procurement Act 2023 or the Public Contracts Regulation 2015 (as applicable to the relevant Contract). Where the Procurement Act 2023 applies it may be necessary to publish a Contract Change Notice relating to the extension of the Contract on the Cabinet Office's Central Digital Platform.

Contract Variations to Scope

47. Any necessary instructions to vary a contract shall be made in writing by the relevant persons responsible for supervising the contract. Where a variation occurs during the currency of the

contract that is material an immediate report shall be made to the Responsible Director who shall report the matter to the Executive Team.

48. A variation of a Goods and Services Contract which is in Threshold 4 or a Works Contract which is in Threshold 6 must be permissible under and comply with the requirements of the Public Contracts Regulations 2015 or the Procurement Act 2023 (as applicable to the relevant contract). Where the Procurement Act 2023 applies it may be necessary to publish a Contract Change Notice relating to the extension of the Contract on the Cabinet Office's Central Digital Platform.

Termination/ Expiry of Contracts

49. Dates relating to the expiry or termination of each contract should be recorded in accordance with Contract Rule 40.
50. Where a Goods and Services Contract or a Works Contract, which was awarded under Procurement Act 2023 comes to an end (whether by natural expiry or termination for any reason) a Contract Termination Notice must be published on the Cabinet Office's Central Digital Platform.

Bonds, Guarantees and Insurances

51. For procurement projects where the spend is greater than Threshold 4 consideration must be given as to whether a performance bond and/or parent company guarantee (if applicable) shall be required from the successful tenderer.
52. Consideration must be given as to the appropriate type (employee liability, public liability, professional indemnity, etc.) and level of insurance requirements for each contract. As a minimum Coastline requires employer liability insurance cover of £5.0 million and public liability insurance of £5 million, anything less than this would require approval from the Director of Finance.

Contracts for the Acquisition of Land and Buildings

53. (a) The acquisition of land and buildings is subject to the prior authorisation of the Board or under specific development delegations agreed by the Board. Reports, in respect of all acquisitions of land and buildings, including those to the to the Board shall contain a viability and risk assessment of the proposed acquisition and any associated development scheme. Matters affecting the mortgageability of the property must be reported to Board prior to purchase.
- (b) No offer at auction or by tender may be made without the specific authorisation of the Responsible Director.
- (c) Before any offer is made at auction every effort shall be made to procure all relevant legal, survey or other information potentially affecting the value of the land or property.
- (d) Any offer made by the Group for the acquisition of land or buildings shall be based upon a valuation undertaken by a professional valuer (the valuer) bearing one of the following sets of designatory letters: ASVA/FRICS/FSVA/MRICS and shall be subject to the result of detailed survey, report on title and any other form of site investigation liable to have a bearing on the value of the land or property, unless made at auction.
- (e) The Valuer acting for the Group shall be furnished with the results of all legal and site investigations and survey information relating to land or property to be purchased and any other information (such as planning constraints or conditions of sale) relating to the site or affecting its future use or the cost of future development prior to the preparation of his final written valuation.

- (f) The Group must be in possession of appropriate and valid valuation advice prior to exchange of contracts.
- (g) The price paid by the Group for the land or buildings shall not exceed the final valuation referred to above, which must be not more than 6 months old at the date of contract completion.
- (h) If prior to exchange of contracts new information comes to light that may affect either the future use of the site or property, the revenue to be derived from it or the cost of development, then this must be disclosed to the valuer who shall amend his valuation accordingly.
- (i) The Group shall instruct solicitors to act on its behalf in connection with all acquisitions of land and property, including the preparation of contract documents and a report on title.
- (j) Acquisitions funded with grant must comply with funding conditions and applicable Capital Funding Guide published by the [Homes England](#) and the [Regulator of Social Housing](#) or other grant making body.
- (k) In the case of acquisitions for grant funded development, approval of funding must be received prior to any legal commitment by the Group to purchase, unless the Board has specifically authorised the land banking of the site from a designated budget.
- (l) All contracts for the acquisition of land or property shall be executed under seal and entered in the Group's Seal Book held by the Group Company Secretary.
- (m) Where the acquisition of land or buildings involves the procurement of works, the Group should, where appropriate, apply the Group Contract Rules under the Land and Works transactions: Turnkey Contracts and Package Deals section of these Group Contract Rules.

Land & Works transactions: Turnkey Contracts and Package Deals.

54. This Group Contract Rule applies where the contract is for either a Turnkey Contract or a Package Deal as defined by the Group Procurement Framework, or there is otherwise a works element to a land or building acquisition. When procuring either type of contract, the Group should be aware that:
- A contract for the acquisition of (or the acquisition of an interest in or right over) land, buildings or any other complete work is an exempted contract under the Procurement Act 2023 (see Schedule 2, paragraph 8 of the Procurement Act 2023 and the summary in Schedule 2 of these Contract Rules). This is designed to capture pure land transactions, such as the transfer of land or buildings or the grant of a lease, where the Group is not also procuring works and it would not be appropriate to carry out a procurement process. The process set out at Group Contract Rule 53 will apply.
55. Land transactions may involve the delivery of works in the form of a "Package Deal" or "Turnkey Contract" which includes both the acquisition of land and the carrying out of works, such as the construction of properties. Where this is the case, the Group must comply with Group Contract Rule 53 and these Contract Rules 54 to 61. The Group will consider as part of the viability and risk assessment whether the package deal or land transaction involves the award of a Works Contract and ensure that the award of any Works Contract complies with these Contract Rules.

56. The Group will assess whether the transaction involves the award of a Works Contract (see Group Contract Rule 7). This will include assessing the main purpose of the contract. This should look at several factors including the transaction structure, parties, values involved, which party specifies the works to be carried out and whether there are enforceable obligations to carry out works.
57. If the Group considers it will be awarding a Works Contract it will calculate the value of the Works Contract (with evidence to support any valuations and estimates, wherever possible) and comply with these Contract Rules for the corresponding Threshold.
58. If a Works Contract below Threshold 6 is to be awarded as part of the transaction, exceptional circumstances may apply as set out in Group Contract Rule 19.
59. If a Works Contract in Threshold 6 is to be awarded as part of the transaction, the Group should assess whether it is permissible to directly award the Works Contract under Section 41 of the Procurement Act 2023 on the basis that as a direct award justification applies (see Schedule 4 of these Group Contract Rules), in particular whether it can be demonstrated that, due to the supplier having exclusive rights, only that supplier can supply the works and that there are no reasonable alternatives. For a Land and Works Transaction, the direct award justification most likely to apply is as set out under Paragraph 5 of Schedule 5:
- due to a particular supplier having intellectual property rights or other exclusive rights, only that supplier can supply the goods, services or works required, and
 - there are no reasonable alternatives to those goods, services or works.

The Group must ensure that it has taken steps to identify that the supplier has exclusive rights. This may be the case if the supplier has rights over the relevant site to be developed meaning it is in a position to determine who can undertake works on the land or buildings.

The Group must also ensure that it has identified that there are no reasonable alternatives. The Guidance should have regard to the current government guidance and if in any doubt obtain legal advice. At the date of adoption of these Group Contract Rules, guidance warns that there may be an alternative if:

- Another supplier can negotiate rights with the owner of the exclusive right, and provide the same goods, services or works (for example, take a lease or a transfer of the land).
- Instead of the goods, services or works affected by the exclusive right, different ones can be procured, which nevertheless fulfil the contracting authority's requirements.

Evidence as to the Group's justification for concluding that the Supplier has exclusive rights, and that there are no reasonable alternatives should be carefully assembled and considered in advance of the decision to award a contract directly, and included as an addendum to the viability and risk assessment and then retained, in order to ensure the decision can be supported if later challenged. The template "Direct Award Justifications Report" available at the following link should be utilised for this purpose ([PA 2023\) Direct award justification report | Procurement Pathway](#)).

If the Group is unable to demonstrate that the contract will meet both of the bullet points listed above, then in the absence of any other ground applying as set out in Schedule 4, a competitive tendering procedure in accordance with Group Contract Rule 15 must be conducted to see who submits the most advantageous tender overall.

When awarding a Land & Works Transaction the Group should be mindful that award on a "direct award" basis does not prevent the need to comply with applicable aspects of the Procurement Act 2023. As at the date of adoption of these Group Company Contract Rules

these include but are not limited to the following. If there are any concerns in respect of compliance legal advice should be obtained.

- **Non-discrimination**
 - the Group should not design its specification for the contract in such a way that a treaty state supplier is disadvantaged.
 - Before the Group concludes that there is only one suitable supplier for a particular contract, it should make sure it has not discounted relevant treaty state suppliers in its assessment.
- **Conflict of Interests** (See Group Contract Rule 11 above)
 - The Group is under an express duty to:
 - Take reasonable steps to identify, and keep under review, any actual or potential conflicts of interest relating to an above-threshold contract.
 - Mitigate the effect of a conflict of interest by taking reasonable steps to avoid putting a supplier at an unfair advantage or disadvantage.
 - Where a conflict of interest puts a supplier at an unfair advantage in relation to the award and either this cannot be avoided or the supplier refuses to take the steps necessary to avoid the advantage, the Group must treat the supplier as an excluded supplier.
 - Before publishing a transparency notice, the Group must prepare a conflicts assessment. This must include details of:
 - Conflicts or potential conflicts of interest identified.
 - Any steps that the Group has taken or will take to mitigate such conflicts.
 - Under the Procurement Act 2023 the Group is to keep any assessment under review, revise as necessary, and confirm in certain notices (transparency notice, or contract details notice) that a conflict assessment has been prepared and revised.

A standstill period should be operated in accordance with the Procurement Act 2023.

The publishing of notices

- **UK2 Preliminary Market Engagement Notice (PME).** (See Group Contract Rule 12). As at the date of the adoption of these Contract Rules there is generally no requirement to publish a PME notice in the absence of a competitive tendering process. Although, it is always open to the Group to conduct informal PME before directly awarding a contract, and if so, it may choose to publish a PME notice.
- **UK5 Transparency Notice (TN).** The Group must first publish a transparency notice before it awards a contract directly on grounds of exclusive rights having regard to applicable guidance. The required contents of a transparency notice are specified in regulation 26 of the Procurement Regulations 2024.
- **UK6 Contract Award Notice (CAN) OR UK12 Procurement Termination Notice (PTN)**
 - A CAN must be published before entering into the contract. A CAN is to alert interested parties to the contracting authority's decision to award

the contract. Its publication triggers the start of the mandatory standstill period. It must set when the standstill period ends.

- A PTN is to inform interested parties that a contracting authority has decided not to proceed with the award of a contract after having previously published the transparency notice.
 - **UK7 Contract Details Notice (CDN)** (See Group Company Contract Rule 35 above) The Contract Details Notice (and if the contract is over £5 million a copy of contract) must be filed within 30 days of entering into the contract. If the contract is under £5 million, the contract should be published within 90 days of entering into it.
 - **Other steps** there are other notices to be published relating to contract management and termination although these are not relevant to the award process. Advice should be sought on these if necessary.
60. Where a Works Contract in Threshold 6 or Goods and Services Contract in Threshold 4 is to be awarded under a direct award justification the Group will need to publish a Transparency Notice and Contract Award Notice before the award of the contract and of a Contract Details Notice after the award of the contract on the Cabinet Office's Digital Platform.
61. The contract management steps detailed in Group Contract Rules 41 to 43 continue to apply to Works Contracts in Threshold 6 (and where applicable exceeding the threshold of £5 million) where the Contract is awarded under a direct award justification and consideration should therefore be given prior to the award of the Works Contract whether KPIs need to be agreed.

Schedule 1 – Activities Constituting Works and Services within the Procurement Act

[This table provides some examples of procurement activities along with their CPV codes and examples.](#) This does not set out all activities and advice should be sought to ensure the contract is classified correctly under the Procurement Act 2023. The Procurement Regulations 2024 sets out a detailed list of “light touch” services in Schedule 1 and works in Schedule 3.

Category	CPV Code	Examples
Construction (Works)	45000000	Activities involving the construction of buildings and infrastructure.
Installation (Works)	45300000	Building installation works such as heating, ventilation, air conditioning, electrical, and plumbing.
Landscaping (Works)	45112700	Activities involving the preparation of land and the creation of gardens, parks, and other landscaped areas.
Demolition (Works)	45111100	The process of tearing down buildings and clearing sites for new construction.
Supply of building materials (Goods)	44111000-1	Activities involving the purchase of goods and materials needed for building projects such as bricks and cement.
Legal Services (Light-touch services)	79111000	Legal services contracts or frameworks including advisory services and representation services.
IT Services (Services)	72000000	Activities related to IT, such as consulting, software development and implementation, and maintenance of IT systems and software.
Catering Services (Light-touch services)	55520000	Catering services, including meals on wheels services.
Security Services (Light-touch Services)	79710000	Security services such as alarm-monitoring and security guards.
Cleaning (Services)	90910000	Cleaning services including building and window cleaning.
Property management (Services)	70330000	Property management services including management of residential properties.
Building consultancy (Services)	71315200	Building consultancy such as inspection and surveys.

Schedule 2 – Activities which are deemed Exempt within the Procurement Act 2023

This table provides an overview of the exempt contracts under Schedule 2 of the Procurement Act 2023 which may be relevant to the Group. Specific advice should be sought where relying on these exemptions.

Category	Description	Examples
Vertical Arrangements	Contracts between a contracting authority and a person it controls or jointly controls with other authorities.	Contracts between a parent company and its subsidiary for the supply of maintenance services or building services, where the required conditions are met.
Horizontal arrangements	Contracts established solely for the purpose of public service cooperation between contracting authorities.	Joint initiatives between local councils for waste management services.
Land and buildings	Contract for the acquisition of land, buildings or complete works or an interest or right over them.	A freehold land purchase agreement or lease.
Legal Services	Certain legal services that are exempt from the standard procurement rules as they relate to legal representation in judicial proceedings.	Legal representation in legal proceedings and advice in connection with this
Financial Services	Specific financial services.	Contract relating to a loan to a contracting authority.
Employment Contracts	Contracts of employment.	Contracts with staff.

Schedule 3 – Procurement Act 2023 Thresholds

The Procurement Act 2023 sets specific financial thresholds for different types of contracts. These thresholds determine whether a contract is subject to the full procurement regulations or if it falls under simplified procedures. Here are the current thresholds, effective until December 31, 2025:

Procurement Activity	Threshold
Supplies and Services	£207,720 (including VAT)
Light Touch Regime	£663,540 (including VAT)
Works	£5,193,000 (including VAT)

[These thresholds are updated biannually on January 1st of even-numbered years to align with international agreements and currency fluctuations](#)

Schedule 4 - Justifications for direct award of Contracts under Schedule 5 of the Procurement Act 2023

The table below sets out a summary of the direct award justifications under the Procurement Act 2023. The detailed requirements of the Procurement Act 2023 must be considered for Threshold 4 (Goods/Services) contracts and Threshold 6 (Works) contracts awarded under one of these justifications to ensure that they are met.

Additional direct award justifications may be introduced by a Minister through specific Regulations.

Justification	Description	Rationale	Examples
Prototypes and Development	The contract concerns the production of a prototype or novel goods/services for testing, research, or development.	Ensuring innovation and development of new products/services.	Development of a new software prototype for government use.
Single Suppliers	The contract involves the creation or acquisition of a unique work of art or artistic performance.	Managing intellectual property and exclusive rights.	Commissioning a unique sculpture for a public space.
Intellectual Property Rights or other exclusive rights	Only a particular supplier can provide the goods/services/works due to the supplier having intellectual property or other exclusive rights, with no reasonable alternatives.	Ensuring compliance with IP laws and avoiding legal disputes or being unable to award to another supplier due to exclusive rights held.	Licensing specialised software from the sole rights holder.
Technical Reasons	Only a particular supplier can provide the goods/services/works due to technical reasons, with no reasonable alternatives.	Managing technical specifications and ensuring compatibility.	Procuring specialised medical equipment from the only manufacturer.
Extension or replacement of existing goods/services/works	The contract is for goods/services/works from the existing supplier to which are an extension to or partial replacement of existing goods/services/works to ensure compatibility where a change of supplier would result in disproportionate technical difficulties.	Ensuring continuity and compatibility with existing systems.	Extending a contract for additional IT services from the current provider.
Additional similar goods/services/works	The contract is goods/services/works which are similar to existing goods/services/works supplied under a contract awarded within the last five years. The intention to carry out a subsequent procurement under this direct award justification must have been provided in the original contract Tender Notice.	Allowing for additional goods/services/works where this was envisaged in the original procurement	Additional services from a current provider where it was envisaged this may be necessary when the original contract was put in place.
Commodities	The contract concerns goods purchased on a commodity market	Tendering in the usual manner is not appropriate and may not	Purchasing goods on a commodity market.

Justification	Description	Rationale	Examples
		drive the best outcome as on a commodity market price and availability are driven by demand in the market	
Advantageous Terms in Insolvency	The contract offers advantageous terms due to a supplier's insolvency.	Managing financial risks and taking advantage of favourable terms.	Purchasing assets from a supplier in liquidation at a reduced price.
Urgency	The contract is strictly necessary for reasons of extreme and unavoidable urgency which is not attributable to the Group and which could not have been foreseen.	Managing urgent needs and ensuring timely procurement.	Emergency procurement of supplies during a natural disaster.
User Choice Contracts	The contract is awarded based on user choice, particularly in health and social care sectors.	Ensuring user satisfaction and meeting specific needs.	Awarding a contract for healthcare services based on patient preferences.
Defence and Security	The contract is necessary for defence and security purposes.	Ensuring national security and managing sensitive information.	Procuring military equipment for national defence.

Schedule 5

Contract Rule reference	Threshold 1 - Up to £10,000	Threshold 2 - £10,000 to £50,000	Threshold 3 - £50,000 to £207,720	Threshold 4 – Goods and Services - Over £207,720	Threshold 5 – Works - £207,720 to £5,193,000	Threshold 6 – Works - Over £5,193,000
(10) Social Value	—	—	—	√	—	√
(11) Conflicts Assessment	—	—	—	√	—	√
(12) PME Notice	—	—	—	√	—	√
(15) Threshold value	Up to £10,000	£10,000 to £50,000	£50,000 to £207,720	Over £207,720 (Goods & Services only)	£207,720 to £5,193,000	Over £5,193,000
(15) Permitted Routes	<ul style="list-style-type: none"> • At least one quotation 	<ul style="list-style-type: none"> • 3 Quotes • Closed Tender • Open Tender • CFP • Framework/ DPS/ DM • Direct Award 	<ul style="list-style-type: none"> • Closed Tender • Open Tender • CFP • Framework/ DPS/ DM • Direct Award 	Compliant process under Procurement Act 2023; <ul style="list-style-type: none"> • Open Tender • CFP • Framework/ DPS/ DM • Direct Award 	<ul style="list-style-type: none"> • Closed Tender • Open Tender • CFP • Framework/ DPS/ DM • Direct Award 	Compliant process under Procurement Act 2023; <ul style="list-style-type: none"> • Open Tender • CFP • Framework/ DPS/ DM • Direct Award
(18) Exceptional cases	√	√	√	—	√	—
(20) Frameworks permitted	√	√	√	√	√	√
(21) Contract required in writing	√	√	√	√	√	√
(22) Liquidated damages	—	—	—	√	√	√
(23) Tender issued electronically	—	—	—	√	√	√

Contract Rule reference	Threshold 1	Threshold 2	Threshold 3	Threshold 4 – Goods and Services	Threshold 5 – Works	Threshold 6 - Works
(25) Electronic tendering system	—	—	—	√	√	√
(26) Tenders received to be released after submission time by DDPG, (or nominee)	—	—	—	√	√	√
(28) Late Tenders	Below-threshold rules	Below-threshold rules	Below-threshold rules	Strict: none	Below-threshold rules	Strict: none
(30) Questions and scoring of quality to be provided in ITT documents	—	—	—	√	√	√
(32) Negotiation of value on tenders received allowable	√	√	√	√ (CFP only)	√	√ (CFP only)
(32) Negotiation of tenders subject to Procurement Act 2023	—	—	—	√(CFP only)	—	√ (CFP only)
(34) Successful tenders to be accepted in writing	√	√	√	√	√	√
(35) CDN >£30K	—	√	√	√	√	√
(37) Authority to authorise tender	As delegated by Budget Holders and Managers	Senior Managers	Directors	Up to £500,000 – CEO Over £500,000 - Board	Up to £500,000 – CEO Over £500,000 - Board	Up to £500,000 – CEO Over £500,000 – Board

Contract Rule reference	Threshold 1	Threshold 2	Threshold 3	Threshold 4 – Goods and Services	Threshold 5 – Works	Threshold 6 - Works
(40) Contracts recorded on Website >£10K	—	√	√	√	√	√
(45) Contract extension with agreement by DPPG	√	√	√	—	√	—
(46) Contract extension subject to procurement legislation	—	—	—	√	—	√
(51) Performance bond/parental guarantee	—	—	—	√	√	√
(52) £5m Employers Liability and Public Liability Insurances required	√	√	√	√	√	√