

Agenda Item	4
Report No	HC/03/26

HIGHLAND COUNCIL

Committee: Highland Council

Date: 26 March 2026

Report Title: Contract Standing Orders

Report By: Chief Officer - Corporate Finance

1 Purpose/Executive Summary

- 1.1 This report introduces revised Contract Standing Orders Appendix 2. The Council's current Contract Standing Orders ([link](#)) are updated annually to ensure that any procedural, legislative, statutory guidance changes are reflected and that any best practice updates are incorporated. A summary of the key changes is provided in Section 4 of this report.

2 Recommendations

- 2.1 Members are asked to:
- i. **approve** the changes to the Appendix 2 Highland Council Contract Standing Orders (CSO's) 2026-27 and **agree** that these shall become effective from 1 April 2026.

3 Implications

- 3.1 **Resource** – There are no resource implications as a consequence of this report. Any specific implications associated with contract/procurement activity are considered as part of individual procurements, and via governance as established within the Contract Standing Orders (CSO's).
- 3.2 **Legal** – The revised Scheme will support the Council to ensure compliance with Procurement Legislation and enhance the Council's governance arrangements in relation to Procurement.
- 3.3 **Community (Equality, Poverty, Rural and Island)** – The proposed changes ensure an increased level of scrutiny on business needs and approach to procuring goods, services and works contracts to ensure that procurement activity not only delivers best value but also delivers positive economic, environmental and community outcomes with links to the Highland Community Benefit Policy.

- 3.4 **Climate Change / Carbon Clever** – The proposed changes ensure an increased level of scrutiny on business needs and approach to procuring goods, services and works contracts to ensure that procurement activity not only delivers best value but also delivers positive economic, environmental and community outcomes.
- 3.5 **Risk** – The proposed changes should have a positive impact on risk with an increased focus on scrutiny, control and assurance.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process or people)** – There are no specific implications to highlight.
- 3.7 **Gaelic** – There are no specific implications to highlight.

4 Impacts

- 4.1 In Highland, all policies, strategies, or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 A summary of the conclusions of the screening is outlined below:

Impact Assessment Area	Initial Screening Summary
Equality	<i>No impact</i>
Socio-Economic	<i>No impact</i>
Human Rights	<i>No impact</i>
Children’s Rights and Well-being	<i>No impact</i>
Island and Mainland Rural	<i>No impact</i>
Climate Change	<i>No impact</i>
Data Rights	<i>No impact</i>

5 Contract Standing Orders (CSO’s) and Proposed Changes for 2026

- 5.1 The Highland Council Contract Standing Orders (CSO’s) provide the essential framework for all Council procurement and contracting activity. The CSO’s ensure that all procurement activity across the Council is conducted in a transparent, fair, and proportionate manner, ensuring compliance with UK and Scottish law, and delivering best value for the Council and its communities. The CSO’s underpin the Council’s governance arrangements, help safeguard public funds and protect both the Council and its staff from legal and reputational risks.
- 5.2 The Council’s Contract Standing Orders (CSO’s) are updated annually to ensure that the Standing Orders reflect any legislative changes, changes to statutory Guidance and best practice updates, the current CSO’s can be viewed here: ([link](#))
- 5.3 A comprehensive programme of engagement was undertaken to support the review of the Contract Standing Orders. The Commercial and Procurement Shared Service coordinated the process, with a briefing to Corporate Management team in November 2025, thereafter issuing the full CSO review pack and supporting material to all service

representatives in early December to allow sufficient time for detailed consideration. Officers from across the Council—particularly those involved in procurement, commissioning, contract management, and governance—were invited to contribute insights based on operational experience, statutory requirements, and emerging best practice.

- 5.4 Two facilitated Review Group sessions were held to examine proposed amendments, discuss areas for clarification, and ensure alignment with organisational structures, regulatory obligations, and strategic priorities. Further written feedback was invited in January and early February to allow refinement of the revised CSOs. This collaborative and iterative approach ensured the resulting Standing Orders are practical, proportionate, legally robust, and reflective of the Council's operational needs and wider corporate governance framework.
- 5.5 The resulting updates strengthen governance, improve clarity, align terminology with legislative requirements, and reflect current operational practice. The key proposed changes are summarised below, with full details of changes in Appendix 1 – Table of Changes.
- **Updated and expanded definitions** – including clearer wording on Contract Value, new definitions such as Dynamic Purchasing System (DPS), Commissioning Approval Board (CAB), Strategic Commissioning Group (SCG), and updated terminology aligning with Scottish procurement legislation.
 - **Revised procurement thresholds** – increasing the low-value direct award threshold for supplies and services from £10,000 to £20,000, helping reduce administrative workload and target resources on higher-value procurements.
 - **Clearer authority and approval routes** – including a new table setting out which Board approves different procurement types (PAG, CAB, SCG), enhanced guidance for framework and DPS call-offs, ICT procurement, and grant-funded expenditure.
 - **Strengthened controls on suspensions and exemptions** – more explicit requirements for recording, publishing contract award notices, and approval routes for urgent or technical-reason exemptions.
 - **Improved guidance on contract variations and increases in contract value** – providing clearer triggers for when revised approvals are required and ensuring visibility of any significant changes.
 - **Updated processes for quotations and competitive procedures** – aligned with the revised thresholds and strengthening requirements for demonstrating best value.
 - **Expanded provisions for Community Benefits, Environmental and Fair Work criteria** – including expectations for Board-level oversight of compliance with the Highland Community Benefit Policy.
 - **New sections on IFRS16 leasing requirements and ALEO responsibilities** – capturing financial reporting changes and clarifying expectations for Arms-Length External Organisations to adopt or align with CSOs.

- **Improved contractual governance** – detailed guidance added on the appropriate use of Terms and Conditions for supplies, services, works, and consultancy, ensuring use of industry-standard forms where necessary.

Designation: Chief Officer - Corporate Finance

Date: 24 February 2026

Authors: Melanie Mackenzie, Strategic Commercial Manager, Commercial & Procurement Shared Service

Review of Contract Standing Orders 2026/27

Summary of Proposed Changes

Current CSO Reference	2025-26 CSO Wording	New CSO Reference	Proposed 2026-27 CSO Wording	Rationale for Change	Service	Name
1.1	<p>The purpose of these Contract Standing Orders is to:</p> <ul style="list-style-type: none"> ensure that consistent contracting management procedures of the highest standard are laid down for use throughout the Council; secure compliance with the law; ensure that the Council obtains best value in its procurement activity and all resultant contracts; provide a framework for a more detailed Procurement Manual; and protect the Council and its staff. 	1.1	The purpose of these Contract Standing Orders (CSO's) is to establish robust, transparent, and legally compliant procedures for procurement and contract management across the Council, in accordance with Public Procurement legislation applicable in Scotland. By setting out clear standards and processes, these CSO's ensure all procurement activities secure best value and uphold principles of fairness, equality, and non-discrimination.	Revision to overview for clarity on applicable legislation for Public Procurement in Scotland.	Commercial & Procurement	Mel Mackenzie
1.2	This shall ensure the Council consistently acts in a transparent and proportionate manner and in a way that is equal and without discrimination. In turn this shall lead to value for money, and more sustainable outcomes.	1.2	The CSO's are designed to protect the interests of the Council and its staff, provide a solid framework for the procurement manual, promote sustainable outcomes and demonstrate the Council's commitment to accountability and the lawful, proportionate management of public resources, in line with statutory obligations and best practice for local authorities.	Revision to overview for clarity.	Commercial & Procurement	Mel Mackenzie
2.1.1	Annual Procurement Report means a report published by the Council annually in relation to Regulated Procurements.	2.1.1	Annual Procurement Report means a report published by the Council annually as required under the Public Contracts (Scotland) Regulations 2015. The purpose of publishing this report is to ensure transparency and accountability in the Council's procurement activities, enabling public scrutiny and demonstrating compliance with statutory obligations governing public sector procurement in Scotland.	Expanded definition of the Annual Procurement Report to provide clarity on purpose and requirement under PCSR2015.	Commercial & Procurement	Mel Mackenzie

2.1.2	Business Case means a formal report (Procurement Approval Form) for approval by Procurement Approval Group, as the case may be, (conforming to a template approved by the Head of Commercial and Procurement Shared Services or his delegate) seeking authority to conduct a procurement for the purchase of works, supplies or services, if the scope of a project changes the business case may require review and further approval by the relevant board in line with these contract standing orders.	2.1.18	Procurement Approval Form (PAF) means a formal report for approval by Procurement Approval Group (conforming to a template approved by the Head of Commercial and Procurement Shared Services or his delegate) seeking authority to conduct a procurement for the purchase of works, supplies or services, if the scope of a project changes and the value exceeds the thresholds as outlined in 4.2 the business case may require review and further approval by the Procurement Approval Group in line with these contract standing orders.	Amended to reflect terminology in use and to clarify change of scope is also related to value for purposes of the CSO's.	Commercial & Procurement	Mel Mackenzie
2.1.3	Capital Programme means a list of the budgets allocated to capital projects, and the associated funding, approved at the annual Council budget meeting with additions throughout the financial year to be approved by submission of a business case to the Capital Board.	2.1.2	Capital Programme Board means the board with responsibility for ensuring that a five year Capital forward plan which includes the Highland Investment Plan, is developed with the Capital Programme Board having the remit to approve. means a list of the budgets allocated to capital projects, and the associated funding, approved at the annual Council budget meeting with additions throughout the financial year to be approved by submission of a business case to the Capital Board. The Capital Programme Board will be responsible for ensuring the forward plan is targeted towards supporting the Council's corporate objectives and monitoring the performance of projects within the five year forward plan.	Amended to capture the board responsibility for oversight of the forward plan for capital procurement.		
N/A	N/A	2.1.3	Commissioning Approval Board (or CAB) means the board which will approve procurement routes for Capital investment projects valued at above £2,000,000, including but not limited to the Highland Investment Plan (HIP). The CAB will provide strategic oversight of the Council's Capital procurement activity in order to ensure alignment with the Council's overall direction, priorities, and objectives.	New definition for the CAB to ensure that Council Officers are aware of the CAB and its purpose is clear in respect of approval of		

				procurement for Capital.		
2.1.4	Committee means any relevant committee of the Council with responsibility for monitoring best value, internal financial control, corporate governance (including procurement), or any other matter to which the procedure for award of Council contracts may be relevant;	2.1.4	Committee means any relevant committee of the Council with responsibility for monitoring best value, internal financial control, corporate resources (including procurement), or any other matter to which the procedure for award of Council contracts may be relevant;	Clarity in respect of Corporate Resources committee having responsibility for and receiving reports in respect of Procurement.	Commercial & Procurement	Mel Mackenzie
2.1.8	Contract Value means the estimated aggregate total value (total estimated value), excluding VAT, over the entire term of the Contract which the Council expects to be payable under the contract. In the case of a works concession contract or a services concession contract, the value shall be calculated on the basis of the total net turnover of the concessionaire generated over the duration of the contract, as estimated by the Council, in consideration for the works and services that are the object of the concession.	2.1.8	Contract Value means the estimated total value (excluding VAT), over the entire term of the Contract which the Council expects to be payable under the contract. For concession contracts, 'Contract Value' simply means the Council's estimate of the total net income the concessionaire is likely to earn over the whole contract period, including any possible extensions. This estimate is based on the money the concessionaire receives for carrying out the works or services agreed in the contract.	Amendment to include contract extensions and to ensure clarity over calculation of value for concession contracts.	Commercial & Procurement	Mel Mackenzie
2.1.11	Delegated Procurement Authority or DPA means the authority that permits a Delegated Procurer to conduct a procurement, and to agree to award, amend or vary contracts for supplies, services or works on behalf of the Council.	2.1.11	Delegated Procurement Authority (or DPA) means the authority that permits a Delegated Procurer to conduct a procurement, to agree to award, manage, amend or vary contracts for supplies, services or works on behalf of the Council.	Addition of Contract Management activities as also required to be conducted by a DPA.	Commercial & Procurement	Mel Mackenzie
2.1.12	Delegated Procurer means any officer holding Delegated Procurement Authority and authorised to carry out procurement activities.	2.1.12	Delegated Procurer means any officer holding Delegated Procurement Authority and authorised to carry out procurement and contract management activities.	Addition of Contract Management activities as also required to be	Commercial & Procurement	Mel Mackenzie

				conducted by a DPA.		
N/A	N/A	2.1.13	Dynamic Purchasing System (or DPS) means an electronic system used by the Council for buying goods, works or services which are commonly used and readily available from suppliers who can join or leave the system at any time, making the process flexible and open.	New definition added to ensure clarity on difference between a Dynamic Purchasing System and Framework.	Commercial & Procurement	Mel Mackenzie
2.1.15	GPA Threshold means the Contract Value thresholds set out in the Public Contracts (Scotland) Regulations 5 (1) (a), (b) and (c) and as amended by the Scottish Ministers from time to time, current thresholds are set out in the Procurement Manual.	2.1.17	Higher Value Threshold means the Contract Value thresholds set out in the Public Contracts (Scotland) Regulations 5 (1) (a), (b) and (c) and as amended by the Scottish Ministers from time to time, current thresholds are set out in the Procurement Manual.	Revision to align with terminology under Public Procurement Legislation.	Commercial & Procurement	Mel Mackenzie
2.1.16	Framework Agreement means an agreement between one or more contracting authorities and one or more suppliers. The purpose of such agreements is to establish the terms governing public contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.	2.1.16	Framework Agreement means an agreement between one or more contracting authorities and one or more suppliers. The purpose of such agreements is to establish the terms governing public contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. A Framework Agreement will allow for specific purchases (call-offs) can be made throughout the term of the agreement.	Revision to include reference to call off contracts.	Commercial & Procurement	Mel Mackenzie
2.1.17	Procurement Manual means a supplement to these Contract Standing Orders which give detailed guidance on how to conduct procurement activity in a manner compliant with these standing orders and relevant procurement legislation	2.1.20	Procurement Manual means the procurement guidance published by the Commercial & Procurement Shared Service and as amended from time to time.	Revision to ensure that it is clear the Procurement Manual is updated from time to time.	Commercial & Procurement	Mel Mackenzie
N/A	N/A	2.1.24	Single Procurement Document (or SPD) means the standard electronic questionnaire contained within the Public Contracts Scotland Portal which allows buyers to identify suitably qualified and	New definition for the Single Procurement Document to	Commercial & Procurement	Mel Mackenzie

			experienced bidders. It contains questions on both mandatory and discretionary exclusion criteria and selection criteria. It is mandatory to use the SPD for any tender above the Higher Value Threshold and best practice to use for lower value tenders. The response is a self-declaration form, and suppliers do not need to provide any evidence until contract award stage unless there are clear reasons for requesting information at tender stage.	ensure that Council Officers are aware of the SPD and it's purpose is clear.		
N/A	N/A	2.1.25	Strategic Commissioning Group (or SCG) means the group established for Highland Council Children and Justice Services with responsibility for ensuring effective implementation of the SCG's Procurement Plan and approving procurement activities from the plan, as a sub-group to the Integrated Children's Services Board it will report into the Integrated Children's Services Board as part of the Health, Social Care and Wellbeing Committee.	New definition for the SCG to ensure that Council Officers are aware of the SCG and its purpose is clear in respect of approval of procurement for Children and Justice Services.	Commercial & Procurement	Mel Mackenzie
2.1.23	Work Plan means a listing of areas of expenditure anticipated to be made by Services on supplies, services and works exceeding an aggregated £10k, either against existing contracts/framework agreements or where contracts/framework agreements are needed.	N/A	N/A	Definition removed as a work plan is no longer used in practice.	Commercial & Procurement	Mel Mackenzie
3.4 (a)	Subject to the provisions of Paragraph 3.11, the Contract Standing Orders shall apply to: a) Any procurements undertaken by, or on behalf of, the Council with the intention of creating a contract or contracts (including the creation of a framework agreement) for the purchase of supplies and/or services, or	3.4 (a)	The Contract Standing Orders shall apply to: a) Any procurements undertaken by, or on behalf of, the Council with the intention of creating a contract or contracts (including the creation of a framework agreement or dynamic purchasing system) for the purchase of supplies and/or services, or for the	Addition of dynamic purchasing system to ensure clear that the CSO's would also apply to establishment of a DPS.	Commercial & Procurement	Mel Mackenzie

	for the execution of works, or for the award of a concession;		execution of works, or for the award of a concession;			
3.4 (b)	b) Any procurements undertaken by, or on behalf of, the Council with the intention to enter into a call-off contract under an external framework agreement. Prior to call-off from any external framework agreement, an Adoption Report must be completed in accordance with the Procurement Manual;	3.4 (b)	b) Any procurements undertaken by, or on behalf of, the Council with the intention to enter into a call-off contract under an external framework agreement or dynamic purchasing system. Prior to call-off from any external framework agreement or dynamic purchasing system, an Adoption Report must be completed in accordance with the Procurement Manual;	Addition of dynamic purchasing system to ensure clear that the CSO's would also apply to establishment of a DPS.	Commercial & Procurement	Mel Mackenzie
3.10	The Contract Standing Orders may be suspended either in whole or in part by the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service in writing (using the approved template from the Procurement Manual) in respect of an award of any contract where the award of that contract is urgently required to meet the exigencies of the Service.	3.10	For Contracts between £20,000 - £50,000 (supplies/services) or between £50,000 - £2,000,000 (works), the Contract Standing Orders may be suspended either in whole or in part by the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service in writing in respect of an award of any contract where the award of that contract is urgently required to meet the exigencies of the Service. For exemption requests for urgency above those thresholds the approval of the relevant board will be required before the contract can be awarded, such approval must include consultation with the Chief Officer – Corporate Finance (in all cases such requests must be submitted using the approved exemption template from the Procurement Manual).	Clarity of process and approval requirements.	Commercial & Procurement	Mel Mackenzie
3.11	Where the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service have agreed to a suspension of the Contract Standing Orders under Paragraph 3.10, then a contract may be awarded to the preferred supplier or contractor as appropriate and the reason(s) must be noted in the Contracts	3.11	Where a suspension of the Contract Standing Orders has been agreed under Paragraph 3.10, then a contract may be awarded to the preferred supplier or contractor as appropriate and a contract award notice published on Public Contracts Scotland to ensure that the contract is on the Contracts Register if the Contract Value is	Clarity of process and approval requirements.	Commercial & Procurement	Mel Mackenzie

	Register if the Contract Value is greater than £10,000 (supplies/ services or works) or £4.5m (concessions). Any contract made on behalf of the Council under this paragraph shall be reported to the Procurement Approval Group or Capital Board as appropriate as soon as practicable.		greater than £50,000 (supplies/ services) or £2,000,000 (works)£. All exemptions and the reason for the exemption must be appropriately recorded.			
3.1.12	The Contract Standing Orders must be read in conjunction with the Procurement Manual issued by the Commercial and Procurement Shared Service. Where there is any discrepancy between documents, the Contract Standing Orders will take precedence.	3.1.12	The Contract Standing Orders must be read in conjunction with the Procurement Manual issued by the Commercial and Procurement Shared Service as updated from time to time. Where there is any discrepancy between documents, the Contract Standing Orders will take precedence.	Ensure clarity on updates to the Procurement Manual	Commercial & Procurement	Mel Mackenzie
3.1.15	The Highland Council will lead any public relations and/or promotion in relation to the award of a contract and all subsequent promotion. Contractors must not issue their own PR in any forms without the express permission of the Council.	3.1.15	The Highland Council will lead any public relations, media announcements (including social media) and/or promotion in relation to the award of a contract and all subsequent promotion. Contractors must not issue their own PR in any forms without the express permission of the Council.	Improved clarity in relation to inclusion of social media announcements.	Operations & Maintenance	Elizabeth Maciver
4.1	Authority to Incur Expenditure No tender shall be invited or contract entered into for the purchase of supplies or services, or for the execution of works unless the total estimated expenditure has been previously approved and can be met from an approved budget. No tender shall be invited for a concession or Concession Contract entered into unless it has been previously approved. The method of authorising a procurement is dependent on the Contract Value as follows.	4.1	Authority to Procure No tender shall be invited or contract entered into for the purchase of supplies or services, or for the execution of works unless the total estimated expenditure has been previously approved and has an approved budget. No tender shall be invited for a concession or Concession Contract entered into unless it has been previously approved. The method of authorising a procurement is dependent on the Contract Value and Contract Type as per the below table:	Improved clarity in relation what the authority in this section relates to – conducting the procurement.	Commercial & Procurement	Mel Mackenzie

<p>4.1.2 – 4.1.7</p>	<p>4.1.1 Contract Value below £50,000 (supplies/services), £2,000,000 (works) or £4.5m (concessions) Subject to budget approval, the Assistant Chief Executive or relevant Chief Officer may give authority to conduct any procurement where the estimated Contract Value is below £50,000 (supplies/ services) or £2,000,000 (works), and following consultation with the Chief Officer – Corporate Finance, the Head of the Commercial and Procurement Shared Service may give authority to conduct any procurement where the estimated Contract Value of a Concession Contract is below £4.5m. Such procurements shall be undertaken by a Delegated Procurer in line with Section 4.3 of these Contract Standing Orders.</p> <p>4.1.2 Contract Value above £50,000 (supplies/services) £2,000,000 (works), or £4.5m (concessions) Contracts with an estimated Contract Value of above these thresholds require a business case (conforming to a template approved by the Head of the Commercial and Procurement Shared Service) to be submitted to the Procurement Approval Group or where the project relates to a capital project to the Capital Board.</p> <p>4.1.3 Approval of the business case must be granted by the Procurement Approval Group or Capital Board as appropriate, prior to the commencement of the procurement. Business cases may only be submitted to either board on the</p>	<p>4.1</p>	<p>Table now included in section 4.1 which sets out the below.</p> <p>Supplies, Services or Works Contract Value below £20,000 (supplies/services) and below £50,000 (works)</p> <p>Where the Contract Value is estimated to be below £20,000 (supplies/services) or £50,000 (works) the Delegated Procurer must obtain a minimum of one written quote and be able to demonstrate that best value has been achieved.</p> <p>Supplies, Services or Works (including concession contracts) Contract Value between £20,000 - £50,000 (supplies/services), between £50,000 and £2,000,000 (works) or £4.5m (concessions)</p> <p>The relevant Assistant Chief Executive or relevant Chief Officer may give authority to conduct any procurement where the estimated Contract Value is between £20,000 - £50,000 (supplies/ services) or between £50,000 - £2,000,000 (works), and following consultation with the Chief Officer – Corporate Finance, the Head of the Commercial and Procurement Shared Service may give authority to conduct any procurement where the estimated Contract Value of a Concession Contract is below £4.5m. These procurements shall be undertaken by a Delegated Procurer in line with the procedures set out in the Procurement Manual.</p> <p>Supplies or Services Contract Value above £50,000 (supplies or services)</p>	<p>Improved clarity in respect of which contract type is required to be approved by which approval board. This section also includes a change to reflect an increase in the threshold for direct award of low value procurement for supplies and services from £10,000 to £20,000, the impact in terms of quotation exercises would increase capacity to focus on higher value procurement, we would also see a decrease in exemption requests for lower value awards.</p>	<p>Commercial & Procurement</p>	<p>Mel Mackenzie</p>
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	<p>approval of the relevant Assistant Chief Executive, a representative of the Commercial and Procurement Shared Service and the Finance Business Partner.</p> <p>4.1.4 Approval of business cases relating to the procurement of ICT systems or software must be supported by the Chief Officer Business Solutions, in advance of submitting a business case for IT related expenditure a support ticket must be raised so that the request can be supported by IT.</p> <p>4.1.5 Notwithstanding Contract Standing Order 4.1.1 - 4.1.3, approval of contracts for Children and Justice Services require a business case (conforming to a template approved by the Head of Commercial and Procurement Shared Service) to be submitted to the Strategic Commissioning Group.</p> <p>4.1.6 Expenditure via Framework Agreements. Delegated Procurers must whenever possible procure supplies, services and works under Scotland Excel or Scottish Government framework agreements provided that authority to incur expenditure for each call-off contract has been approved in accordance with these Contract Standing Orders and also provided that: -</p> <p>i. An Adoption Report has been completed in accordance with the Procurement Manual,</p>		<p>Procurement Approval Group (PAG) Contracts with an estimated Contract Value above these thresholds require a procurement approval form (conforming to a template approved by the Head of the Commercial and Procurement Shared Service) to be submitted to the Procurement Approval Group. Approval must be granted by the Procurement Approval Group prior to the commencement of the procurement. Procurement Approval Forms may only be submitted on the approval of the relevant Assistant Chief Executive, a representative of the Commercial and Procurement Shared Service and the Finance Business Partner.</p> <p>Works Contract Value above £2,000,000 (works)</p> <p>Commissioning Approval Board (CAB) Contracts with an estimated Contract Value of greater than the £2,000,000 threshold require a procurement recommendation report to be submitted to the Commissioning Approval Board. Approval for the procurement route must be granted by the Commissioning Approval Board prior to the commencement of the procurement.</p> <p>ICT Procurement</p> <p>Contract Value above £50,000 (supplies or services)</p> <p>Procurement Approval Group (PAG) Expenditure on ICT systems, hardware or software must not be incurred unless supported by the Chief Officer Business Solutions. In advance of submitting a procurement approval form (or business case) to the Procurement</p>			
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	<ul style="list-style-type: none"> ii. No material change has been made to the call-off terms under the framework agreement and calling-off from the framework has been carried out in accordance with the procedures laid down within that framework, iii. All call-off contracts with a Contract Value of greater than £10,000 (supplies/ services or works) or £4.5m (concessions) must be added to the Contracts Register, and iv. Where a call-off exceeding £50k is being made via a framework agreement a contract award notice shall be published through Public Contracts Scotland. v. If the aggregate Contract Value of call-off contracts under a framework agreement is likely to exceed the thresholds stated in Paragraph 4.1.2 then the authority of the Procurement Approval Group or Capital Board as appropriate shall be required for the adoption report. <p>4.1.7 Expenditure of grant funding, monetary bequest or donation received by the Council</p> <ul style="list-style-type: none"> i. Expenditure of grant funding, monetary bequest or donation received by the Council must always be in accordance with the terms and 		<p>Approval Group to request approval to proceed with procurement for ICT related expenditure a support ticket must be raised so that the request can be assessed by ICT. Approval must be granted by the Procurement Approval Group prior to the commencement of the procurement. Procurement Approval Forms may only be submitted on the approval of the relevant Assistant Chief Executive, a representative of the Commercial and Procurement Shared Service and the Finance Business Partner.</p> <p>Social Care (Children’s & Justice Services)</p> <p>Contract Value above £50,000 (supplies or services)</p> <p>Strategic Commissioning Group (SCG) Approval of contracts for Children and Justice Services require a Procurement Approval Form (conforming to a template approved by the Head of Commercial and Procurement Shared Service) to be submitted to the Strategic Commissioning Group.</p> <p>Framework Agreements or Dynamic Purchasing Systems</p> <p>Contract Value above £50,000 (supplies/services), £2,000,000 (works) or £4.5m (concessions)</p> <p>Delegated Procurers must whenever possible procure supplies, services and works under framework agreements or dynamic purchasing systems (i.e. Those provided by Scotland Excel, Scottish Government or other framework providers) provided that authority to do so for</p>			
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	<p>conditions of the grant, monetary bequest or donation (if any).</p> <p>ii. Where a tender is to be invited or contract entered into that is in excess of £50,000 (supplies/services/works) and the expenditure either in whole or in part is to be met from grant funding, monetary bequest or donation received by the Council, a Business Case (Procurement Approval Form) (conforming to a template approved by the Head of Commercial and Procurement) must be submitted by the Assistant Chief Executive or relevant Chief Officer to the Procurement Approval Group for approval to proceed, in place of the approval route set out in regulation 4.1.1.2, or for Capital Projects to the Capital Board</p> <p>iii. If this applicable regulation cannot be complied with due to time constraints relating to expenditure of the grant, monetary bequest or donation, this would be considered grounds to suspend the applicable regulation under procurement regulation 3.10.</p>		<p>each call-off contract has been approved in accordance with these Contract Standing Orders and also provided that: -</p> <p>i. An Adoption Report has been completed in accordance with the Procurement Manual,</p> <p>ii. No material change has been made to the call-off terms under the framework agreement or dynamic purchasing system and calling-off from the agreement has been carried out in accordance with the procedures set out within the agreement,</p> <p>iii. Where a call-off exceeding £50k is being made via a framework agreement a contract award notice shall be published through Public Contracts Scotland which will in turn ensure this is recorded on the contract register.</p> <p>iv. If the aggregate Contract Value of call-off contracts under a framework agreement is likely to exceed the thresholds stated here then the authority of the relevant board as above shall be required for the call off.</p> <p>Grant Funded Procurement</p> <p>Contract Value above £50,000 (supplies/services), £2,000,000 (works) or £4.5m (concessions)</p> <p>Procurement Approval Group (PAG) or Commissioning Approval Board (CAB) Expenditure of grant funding, monetary bequest or donation received by the Council</p> <p>i. Must always be conducted in accordance with the terms and conditions of the grant, monetary bequest or donation (if any).</p>			
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			<p>ii. Where a tender is to be invited or contract entered into that is in excess of the relevant threshold for supplies, services or works) and the expenditure either in whole or in part is to be met from grant funding, monetary bequest or donation received by the Council, then the authority of the relevant board as above shall be required for the call off.</p> <p>iii. If this applicable regulation cannot be complied with due to time constraints relating to expenditure of the grant, monetary bequest or donation, this would be considered grounds to suspend the applicable regulation under procurement regulation 3.10.</p>			
4.1.8	There shall be no artificial splitting of a contract to avoid the application of the provisions of Scottish or UK procurement law and/or these Contract Standing Orders.	4.1.2	There shall be no artificial splitting of a contract to avoid the application of thresholds set out within Scottish or UK procurement law and/or these Contract Standing Orders.	Rewording for clarity	Commercial & Procurement	Mel Mackenzie
4.2.1	Where a Contract Value has been previously approved by the Procurement Approval Group or Capital Board and it becomes apparent to the Assistant Chief Executive or relevant Chief Officer of the Procuring Service that the indicative total Contract Value of the contract as previously reported is likely to be exceeded, no further action shall be taken under regulation 4.2.2 or 4.2.3 until the Assistant Chief Executive or relevant Chief Officer has consulted with the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service on what action requires to be taken and no further orders shall be made under the contract until such advice has been obtained and approval granted on course of action advised.	4.2.1	Where a Contract Value has been previously approved for a supplies, services or concession contract and it becomes apparent that the indicative total Contract Value of the contract as previously reported is likely to be exceeded, this can be due to an extension to the contract end date or a price increase for example, no further action shall be taken under regulation 4.2.2 or 4.2.3 until the relevant Assistant Chief Executive or relevant Chief Officer has consulted with the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service on what action requires to be taken and no further orders shall be made under the contract until such advice has been obtained and approval granted on course of action advised.	Rewording for clarity	Commercial & Procurement	Mel Mackenzie

4.2.2	In all cases where the Contract Value of a supplies/ services or concession contract is likely to exceed what has previously been approved, and the additional cost is more than either the lesser of £100,000; or 50% of the approved Contract Value, in the case of supplies/services, or the additional turnover from the contract is more than the lesser of £4.5m and 10% of the original Contract Value in the case of a Concession Contract; the Assistant Chief Executive or relevant Chief Officer shall ensure that a report on the matter is submitted to the next meeting of the Procurement Approval Group, for consideration. This Regulation applies to contracts equal to or greater than £50,000 for supplies and/or Services and to contracts greater than £4.5m for concessions. In such circumstances the indicative previously agreed total Contract Value cannot be exceeded without the relevant approval being received	4.2.2		Reworded for clarity.	Commercial & Procurement	Mel Mackenzie
4.2.4	The Procurement Approval Group, the Capital Board and the Strategic Commissioning Group shall keep a register of all reports made under these regulations to be available for inspection for monitoring and audit purposes.		The Procurement Approval Group, the Capital Board and the Strategic Commissioning Group shall keep a record of all reports made where the increase is greater than the thresholds set out in 4.2.2 of these regulations to be available for inspection for monitoring and audit purposes.	Reworded for clarity.	Commercial & Procurement	Mel Mackenzie
4.3.1	Where the works, supplies or services can only be provided by a particular economic operator because competition is absent for technical reasons or because that operator has an exclusive right (including intellectual property rights), and no reasonable alternative or substitute exists, a request for approval of a direct award must be submitted in writing (using the approved template from the Procurement Manual) to the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service. No business case		For Contracts between £20,000 - £50,000 (supplies/services) or between £50,000 - £2,000,000), where the works, supplies or services can only be provided by a particular supplier because competition is absent for technical reasons or because that supplier has an exclusive right (including intellectual property rights), and no reasonable alternative or substitute exists, a request for approval of a direct award must be submitted in writing to the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service.	Reworded for clarity.	Commercial & Procurement	Mel Mackenzie

	approval will be required, in all other respects, Regulation 4.1 will continue to apply, including the requirement that expenditure can be met from an approved budget.		For exemption requests for technical reasons above those thresholds the approval of the relevant board will be required before the contract can be awarded, such approval must include consultation with the Chief Officer – Corporate Finance (in all cases such requests must be submitted using the approved exemption template from the Procurement Manual).			
4.3.2	Where a direct award under regulation 4.3.1 is approved, the contract award shall be noted on a register to be kept by the Procurement Approval Group, to be available for inspection for monitoring and audit purposes.		Where a direct award under regulation 4.3.1 is approved, a contract award notice shall be published through Public Contracts Scotland which will in turn ensure this is recorded on the contract register.	Reworded for clarity.	Commercial & Procurement	Mel Mackenzie
4.5.1	For any contract with a total estimated value below £10k (for supplies and services) or £50k (for works), the Delegated Procurer shall as a minimum obtain a single quotation and action a direct award of contract. Where the Delegated Procurer considers that better value for money could be achieved through a competitive process and the procurement is not urgent the Delegated Procurer should consider actioning quotations in accordance with 4.5.2.	4.5.2	For any contract with a total estimated value below £20k (for supplies and services) or £50k (for works), the Delegated Procurer shall as a minimum obtain a single quotation and action a direct award of contract. Where the Delegated Procurer considers that better value for money could be achieved through a competitive process and the procurement is not urgent the Delegated Procurer should consider actioning quotations in accordance with 4.5.2.	Threshold updated to reflect inflation and market changes since the last update of the CSO's.	Commercial & Procurement	Mel Mackenzie
4.5.2	For any contract with a total estimated Contract Value below £50,000 (for supplies and services), £2,000,000 (for works) or £4.5m (for concessions), the Delegated Procurer shall follow the Procurement Manual and obtain written quotations to ensure the demonstration of best value to the Council in the sourcing decision. If quotations cannot be obtained the Delegated Procurer shall complete a Non-Competitive Action Form (included in the Procurement Manual) explaining why this is the case and submit it to the Commercial & Procurement	4.5.2	For any contract with a total estimated Contract Value between £20,000 - £50,000 (for supplies and services), between £50,000 - £2,000,000 (for works) or below £4.5m (for concessions), the Delegated Procurer shall follow the Procurement Manual and obtain written quotations to ensure the demonstration of best value to the Council in the sourcing decision. If quotations cannot be obtained the Delegated Procurer shall complete an exemption form (included in the Procurement Manual) explaining why this is the case and submit it to the Commercial & Procurement Shared Service for review and approval of the	Amended to reflect the threshold changes proposed in 4.5.1.	Commercial & Procurement	Mel Mackenzie

	Shared Service for review and approval of the alternative course of action.		alternative course of action. The form will then need to be approved by the Chief Officer – Corporate Finance or the Head of the Commercial and Procurement Shared Service before the contract can be awarded.			
4.7.1	https://www.gov.scot/publications/procurement-threshold-values/pages/procurement-threshold-values-from-1-january-2024/	4.7.1	https://www.gov.scot/publications/procurement-threshold-values/pages/procurement-threshold-values-from-1-january-2026-to-31-december-2027/	Revised link added to thresholds applicable from 2026 to ensure that information contained within the CSO's is up to date and accurate.	Commercial & Procurement	Mel Mackenzie
5.4.2	Each Assistant Chief Executive / Chief Officer shall ensure that all contracts in place within their Service with a Contract Value of greater than £10,000 (supplies/ services or works or £4.5m (concessions) are entered into the corporate Contracts Register. Guidance on the submission of required information is detailed within the Procurement Manual.	5.4.2	Each Assistant Chief Executive / Chief Officer shall ensure that all contracts in place within their Service with a Contract Value of greater than £50,000 (supplies/ services or works or £4.5m (concessions) have contract award notices published on Public Contracts Scotland which will ensure that the contract is detailed within the corporate Contracts Register.	Rewording for clarity of process.	Commercial & Procurement	Mel Mackenzie
6.6	Community Benefit outcomes must be developed in line with the Highland Community Benefit Policy (Highland Community Benefit Policy). Detailed information and guidance is available within the Procurement Manual with example questions for Community Benefit, Fair Work and Environmental evaluation criteria contained within the Technical Questionnaire.	6.6	Community Benefit outcomes must be developed in line with the Highland Community Benefit Policy (Highland Community Benefit Policy). Detailed information, guidance and templates are available within the Procurement Manual. The Commissioning Approval Board (CAB), the Procurement Approval Group (PAG) and the Strategic Commissioning Group (SCG) will have a responsibility to ensure that adherence to the Community Benefit policy is included in the board Terms of Reference and the approval templates to support the application of the policy across all procurement activity.	Improved clarity in respect of responsibilities of approval boards.	Community Support & Engagement	Gail Ward

N/A	N/A	8.1	<p>Lease Equipment Included in Contracts (IFRS16)</p> <p>8.1.1 IFRS 16 Leases was issued by the International Accounting Standards Board (IASB) in 2016. Under IFRS 16 all information relating to any lease, hire or rental for all assets owned or used by each Council whether for a monetary value or not must be collected and recorded. The new Accounting Standard International Financial Reporting Standard (IFRS 16) - Leases must be implemented in the Council's Annual Accounts from 31 March 2024. The value of all leased assets will be recorded as assets on the Council's Balance Sheet. A borrowing liability for the lease showing the amount due to be paid over the life of the asset will also be recorded on the Council's Balance Sheet which will ensure all borrowing requirements can be considered to ensure that the Council does not exceed its annual borrowing threshold.</p> <p>8.1.2 Procurement processes as set out in section 4.5 – 4.7 will apply to procurement for a lease or hire and information is contained within the procurement manual on requirements for mandatory data to be included in any hire requests and lease contracts for recording, the delegated procurer must be able to demonstrate leasing is value for money.</p>	Addition of wording to support compliance with IFRS16 standard.	Commercial & Procurement	Mel Mackenzie
N/A	N/A	8.7	<p>Arms-Length External Organisations (ALEOs)</p> <p>8.7.1 Each Arms-Length External Organisation (ALEO) established by or on behalf of the Council must operate procurement and contracting arrangements that ensure full compliance with all applicable public procurement legislation in Scotland, including (but not limited to):</p> <ul style="list-style-type: none"> the Procurement Reform (Scotland) Act 2014; 	Addition of new clause to ensure that responsibility is clear on requirement for any ALEO to adopt CSO's or	Corporate Finance	Brian Porter

			<ul style="list-style-type: none"> the Public Contracts (Scotland) Regulations 2015; and any subsequent amendments or statutory guidance issued by the Scottish Government. <p>8.7.2 To ensure compliance and consistency of governance, each ALEO must:</p> <ol style="list-style-type: none"> Adopt the Council’s Contract Standing Orders (CSOs) in full; or Put in place its own procurement regulations, policies and procedures which are demonstrably consistent with the principles of openness, fairness, transparency and non-discrimination set out in these CSOs and ensure compliance with relevant public procurement legislation. 	develop their own governance.		
9.2.1	<p>Except where specialist Terms and Conditions are required, the Delegated Procurer shall use the standard Terms and Conditions of Contract in use by the Council (or standardised formal Contract Conditions recognised within a relevant industry i.e. Standard Forms of Construction Contract including but not limited to JCT, SBCC, NEC), or those within a relevant framework agreement. Any specialist Terms and Conditions must be approved in writing by the Head of the Commercial and Procurement Shared Service or the Chief Officer - Legal and Corporate Governance as appropriate. The Councils standard Terms and Conditions of Contract are contained within the Procurement Manual.</p>	9.2.1	<p>The Delegated Procurer shall ensure that all contracts are governed by terms and conditions appropriate to the nature and risk profile of the contract as per the table below:</p> <p>Supplies and Services Use the Council’s Standard Terms and Conditions for Goods or Services as applicable for straightforward, low-risk goods or service contracts (e.g. surveys, inspections, advisory services) where there is no design responsibility, no collateral warranty requirement, and no complex intellectual property or multi-party coordination. For ICT contracts the standard services terms and conditions may not be sufficient and the Delegated Procurer should consult the Chief Officer - Legal and Corporate Governance.</p> <p>Construction Works For works contracts, use a recognised industry-standard building contract (e.g., SBCC, JCT, NEC)</p>	Improve clarity in relation to application of suitable terms and conditions and would provide a stronger contractual position for all appointments.	Property & Assets	Eilidh Milne

			<p>appropriate to the scope and complexity of the works, incorporating Council specific amendments. These contracts provide essential provisions for risk allocation, variations, payment, insurance, and dispute resolution that are not covered by the Council's standard Terms and Conditions. Exception: For very minor works (typically under £20,000) that are low-risk and non-complex, a works order incorporating the Council's standard Terms and Conditions for Services may be used.</p> <p>Construction & Technical Consultancy Services For construction and technical consultant appointments (such as architects, engineers, project managers, quantity surveyors, and other roles involving design liability or collateral warranties, use an industry-recognised consultancy appointment (e.g., ACE, RICS, NEC Professional Services Contract). The Council's general Terms and Conditions for services are not sufficient for these roles but may be sufficient for other types of consultancy i.e. business consultancy roles.</p> <p>Framework Agreements Where a framework agreement applies, you must use the terms and conditions specified within that framework, minor amendments would be permitted where a mini competition has been conducted.</p>			
9.2.2	On no occasion will the Council contract under Terms and Conditions supplied by any tenderer/contractor unless these have been reviewed and agreed by the Head of the Commercial and Procurement Shared Service or	9.2.2	On no occasion will the Council contract under terms supplied by a contractor or consultant unless these have been reviewed and approved by the Head of Commercial & Procurement Shared Service or the Chief Officer – Legal and Corporate Governance.		Property & Assets	Eilidh Milne

	the Chief Officer - Legal and Corporate Governance as appropriate.					
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The Highland Council Contract Standing Orders 2026

Comhairle na Gàidhealtachd Gnàth-riaghailtean cùmhnantan 2026

Version:	1
Applicable from:	01 April 2026
Review date:	31 March 2027
Application:	Council Wide
Owner:	Commercial & Procurement



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1. Overview

- 1.1.1 The purpose of these Contract Standing Orders (CSO's) is to establish robust, transparent, and legally compliant procedures for procurement and contract management across the Council, in accordance with Public Procurement legislation applicable in Scotland. By setting out clear standards and processes, these CSO's ensure all procurement activities secure best value and uphold principles of fairness, equality, and non-discrimination.
- 1.2 The CSO's are designed to protect the interests of the Council and its staff, provide a solid framework for the procurement manual, promote sustainable outcomes and demonstrate the Council's commitment to accountability and the lawful, proportionate management of public resources, in line with statutory obligations and best practice for local authorities.

2 Definitions

- 2.1 Throughout this document the following definitions shall apply:
- 2.1.1 Annual Procurement Report** means a report published by the Council annually as required under the Public Contracts (Scotland) Regulations 2015. The purpose of publishing this report is to ensure transparency and accountability in the Council's procurement activities, enabling public scrutiny and demonstrating compliance with statutory obligations governing public sector procurement in Scotland.
- 2.1.2 Capital Programme Board** means the board with responsibility for ensuring that a five year Capital forward plan which includes the Highland Investment Plan, with the Capital Programme Board having the remit to approve. The Capital Programme Board will be responsible for ensuring the forward plan is targeted towards supporting the Council's corporate objectives and monitoring the performance of projects within the five year forward plan.
- 2.1.3 Commissioning Approval Board (CAB)** means the board which will approve procurement routes for Capital investment projects valued at above £2,000,000, including but not limited to the Highland Investment Plan (HIP). The CAB will provide strategic oversight of the Council's Capital procurement activity in order to ensure alignment with the Council's overall direction, priorities, and objectives.
- 2.1.4 Committee** means any relevant committee of the Council with responsibility for monitoring best value, internal financial control, corporate resources (including procurement), or any other matter to which the procedure for award of Council contracts may be relevant;
- 2.1.5 Concession Contract** means a works concession contract, or a services concession contract as defined by the Concession Contracts (Scotland) Regulations 2016.
- 2.1.6 Contract** means a contract entered into or to be entered into by the Council and a supplier for works, supplies or services and includes a framework agreement or a call-off contract under a framework agreement unless the context requires otherwise and also includes income or savings generating arrangements.
- 2.1.7 Contract of Employment** means a contract between the Council and an individual that sets out an employee's employment conditions, rights, responsibilities and duties. This is distinct from an agreement to provide services for the Council, for example by a consultancy arrangement.

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- 2.1.8 Contract Value** means the estimated total value (excluding VAT), over the entire term of the Contract which the Council expects to be payable under the contract. For concession contracts, 'Contract Value' simply means the Council's estimate of the total net income the concessionaire is likely to earn over the whole contract period, including any possible extensions. This estimate is based on the money the concessionaire receives for carrying out the works or services agreed in the contract.
- 2.1.9 Contracts Register** means a record of contract details currently in place within the Council.
- 2.1.10 Council** means The Highland Council.
- 2.1.11 Delegated Procurement Authority (DPA)** means the authority that permits a Delegated Procurer to conduct a procurement, to agree to award, manage, amend or vary contracts for supplies, services or works on behalf of the Council.
- 2.1.12 Delegated Procurer** means any officer holding Delegated Procurement Authority and authorised to carry out procurement and contract management activities.
- 2.1.13 Dynamic Purchasing System (DPS)** means an electronic system used by the Council for buying goods, works or services which are commonly used and readily available from suppliers who can join or leave the system at any time, making the process flexible and open.
- 2.1.14 E-Tendering or Electronic Tendering** means a tendering process where the contract documents are published electronically and the tender response to these is also submitted electronically in the first instance. E-tender shall be construed accordingly.
- 2.1.15 Find a Tender Service** means the UK e-notification service, a single web-based portal called the Find a Tender Service which is provided, by or on behalf of the Cabinet Office and through which notices can be published in accordance with the Relevant Legislation and these Contract Standing Orders.
- 2.1.16 Framework Agreement** means an agreement between one or more contracting authorities and one or more suppliers. The purpose of such agreements is to establish the terms governing public contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged. A Framework Agreement will allow for specific purchases (call-offs) can be made throughout the term of the agreement.
- 2.1.17 Higher Value Threshold** means the Contract Value thresholds set out in the Public Contracts (Scotland) Regulations 5 (1) (a), (b) and (c) and as amended by the Scottish Ministers from time to time, current thresholds are set out in the Procurement Manual.
- 2.1.18 Procurement Approval Form (PAF)** means a formal report for approval by Procurement Approval Group (conforming to a template approved by the Head of Commercial and Procurement Shared Services or his delegate) seeking authority to conduct a procurement for the purchase of works, supplies or services, if the scope of a project changes and the value exceeds the thresholds as outlined in 4.2 the business case may require review and further approval by the Procurement Approval Group in line with these contract standing orders.
- 2.1.19 Procurement Approval Group (PAG)** means the group with responsibility for review, scrutiny and approval of expenditure where any contract is funded by revenue budget including HRA/Common Good, the PAG will provide strategic oversight of the Council's procurement activity in respect of revenue, HRA and Common Good budget in order to ensure alignment with the Council's overall direction, priorities, and objectives.
- 2.1.20 Procurement Manual** means the procurement guidance published by the Commercial & Procurement Shared Service and as amended from time to time.

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- 2.1.21 Public Contracts Scotland** means the national portal for advertising public sector contract opportunities in Scotland, which may be found at www.publiccontractsscotland.gov.uk.
- 2.1.22 Regulated Procurements** means a procurement where any contract formed will be a public contract the Contract Value of which is equal to or greater than the relevant contract Threshold, and which is not for the procurement of an excluded contract as defined in Section 4 of the Procurement Reform (Scotland) Act 2014 or a contract excluded from the scope of the Concession Contracts (Scotland) Regulations 2016
- 2.1.23 Relevant Legislation** means the Scottish procurement legislation in effect at the time any procurement process is entered into and any other relevant applicable law.
- 2.1.24 Single Procurement Document (SPD)** means the standard electronic questionnaire contained within the Public Contracts Scotland Portal which allows buyers to identify suitably qualified and experienced bidders. It contains questions on both mandatory and discretionary exclusion criteria and selection criteria. It is mandatory to use the SPD for any tender above the Higher Value Threshold and best practice to use for lower value tenders. The response is a self-declaration form, and suppliers do not need to provide any evidence until contract award stage unless there are clear reasons for requesting information at tender stage.
- 2.1.25 Strategic Commissioning Group (SCG)** means the group established for Highland Council Children and Justice Services with responsibility for ensuring effective implementation of the SCG's Procurement Plan and approving procurement activities from the plan, as a sub-group to the Integrated Children's Services Board it will report into the Integrated Children's Services Board as part of the Health, Social Care and Wellbeing Committee.
- 2.1.26 Terms and Conditions** means the special and general arrangements, provisions and requirements of a contract.
- 2.1.27 Thresholds** means the financial value that determines how a procurement is to be undertaken.

3 Extent and Application

- 3.1 These Contract Standing Orders are made under section 81 of the Local Government (Scotland) Act 1973.
- 3.2 These Contract Standing Orders must be interpreted in accordance with the principles of openness, fairness and non-discrimination.
- 3.3 All Council personnel shall comply with the terms of the Contract Standing Orders. Where any breach or non-compliance with these Contract Standing Orders is discovered, it must be reported immediately to the Commercial and Procurement Shared Service who will notify the Strategic Lead, Corporate Audit and Performance acting on behalf of the Procurement SRO. Failure by any employee to comply with the Contract Standing Orders and associated Procurement Manual may be grounds for disciplinary action.
- 3.4 The Contract Standing Orders shall apply to:
- Any procurements undertaken by, or on behalf of, the Council with the intention of creating a contract or contracts (including the creation of a framework agreement or dynamic purchasing system) for the purchase of supplies and/or services, or for the execution of works, or for the award of a concession;

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- b) Any procurements undertaken by, or on behalf of, the Council with the intention to enter into a call-off contract under an external framework agreement or dynamic purchasing system. Prior to call-off from any external framework agreement or dynamic purchasing system, an Adoption Report must be completed in accordance with the Procurement Manual;
 - c) Any amendment or variation of an existing contract for the purchase of supplies or services, or for the execution of works, where:
 - i. that amendment or variation would exceed the parameters of the approval of the original procurement, or
 - ii. the aggregate Contract Value of the original contract and the variation of that contract would exceed a procurement threshold requiring approval at a higher level, or
 - iii. the amendment would result in an assignation or novation (transfer) to a new supplier.
- 3.5 The Contract Standing Orders are subject to the over-riding provisions of United Kingdom or Scottish law governing public procurement. They are also subject to any statutory guidance issued from time to time by the UK Government or Scottish Government on public procurement.
- 3.6 When determining the contract value, the Delegated Procurer must take into account the aggregate value of the requirement for supplies, services or works across the whole Council (including any extension option). Where any single requirement is divided into Lots the Contract Value will equal the aggregate value of all the Lots. If the procurement of any such requirements is split amongst a number of contracts which, taken individually, are below the threshold values, each of these contracts will be subject to the relevant legislation in place at the time of the procurement in the same way as if the requirements were procured through a single large contract.
- 3.7 Contracts related to “social care/light touch and other specific services” are subject to what is generally referred to as a Light-Touch Regime. Details of what is covered under this regime, and the governance arrangements for the procurement of such services are included at Section 15 of these Contract Standing Orders.
- 3.8 All tendering for supplies, Services and/or Works, or a Concession Contract by a Delegated Procurer shall be carried in compliance with these Contract Standing Orders and the guidance within the Procurement Manual.
- 3.9 The following types of contract are exempted from the provisions of these Contract Standing Orders: -
- a) Any contract of employment.
 - b) Any contract relating to the acquisition or disposal or lease of heritable property or any other interest in land where no ancillary services are attached (including but not limited to managed services).
 - c) Any award of a Grant.
 - d) Any contract for the Sponsorship of an event.
 - e) Any contract which relates to the appointment by the Council of advocates, solicitors or barristers or expert witnesses in any legal proceedings on behalf of the Council.
 - f) Any contract which, in the opinion of the Assistant Chief Executive or Chief Officer of the procuring Service, or of the Procurement SRO, is urgently required to prevent danger to life, serious risk to health or damage to property. Where practicable the Assistant Chief Executive or Chief Officer of the procuring Service or the Chief Officer - Corporate Finance shall consult with the Head of the Commercial and

Procurement Shared Service before taking any action under this paragraph. In all circumstances where this exemption has been used:

- i. the Head of the Commercial and Procurement Shared Service shall be notified as soon as reasonably practicable and
 - ii. any contract entered into on behalf of the Council must be noted in the Contracts Register.
 - g) Any contract that is to be performed in-house.
 - h) Any contract of a statutory nature where another contracting authority is the only body allowed by law, regulation, or published administrative provision to provide that service i.e. in situations where an exclusive right is conferred and there can be genuinely no competition in selecting the provider and there can be no negotiation over the price payable.
- 3.10 For Contracts between £20,000 - £50,000 (supplies/services) or between £50,000 - £2,000,000 (works), the Contract Standing Orders may be suspended either in whole or in part by the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service in writing in respect of an award of any contract where the award of that contract is urgently required to meet the exigencies of the Service. For exemption requests for urgency above those thresholds the approval of the relevant board will be required before the contract can be awarded, such approval must include consultation with the Chief Officer – Corporate Finance (in all cases such requests must be submitted using the approved exemption template from the Procurement Manual).
- 3.11 Where a suspension of the Contract Standing Orders has been agreed under Paragraph 3.10, then a contract may be awarded to the preferred supplier or contractor as appropriate and a contract award notice published on Public Contracts Scotland to ensure that the contract is on the Contracts Register if the Contract Value is greater than £50,000 (supplies/ services) or £2,000,000 (works)£. All exemptions and the reason for the exemption must be appropriately recorded.
- 3.12 The Contract Standing Orders must be read in conjunction with the Procurement Manual issued by the Commercial and Procurement Shared Service as updated from time to time. Where there is any discrepancy between documents, the Contract Standing Orders will take precedence.
- 3.13 Any query regarding the application or interpretation of the Contract Standing Orders should be made in the first instance to the Commercial and Procurement Shared Service.
- 3.14 The Commercial and Procurement Shared Service and Council Staff are responsible for ensuring that the Council's Declaration of Conflict of Interest, and Receipt/Offer of Gifts or Hospitality form is completed and submitted where such incidents occur. The form can be obtained via https://www.highland.gov.uk/staffsite/downloads/download/19/guidance_on_register_of_interests For the avoidance of doubt however, no member of the Commercial and Procurement Shared Service or Council Staff with a social or family connection with any member of the staff of any organisation expressing an interest in bidding for a particular requirement, where there is a likelihood that said member of the potential bidders staff is likely to have access to the development of a bid may be involved in any way on the procurement exercise related thereto. Similarly, no member of the Commercial and Procurement Shared Service or Council Staff with a pecuniary interest in any organisation expressing an interest in bidding for a particular requirement may be involved in any way on the procurement exercise related thereto.
- 3.1.5 The Highland Council will lead any public relations, media announcements (including social media) and/or promotion in relation to the award of a contract and all subsequent promotion. Contractors must not issue their own PR in any forms without the express permission of the Council.

- 3.1.6 All media enquiries regarding the award of a contract should be referred to the Highland Council and the contractor must not respond without permission.
- 3.1.7 Requests and permission for endorsements should be approved by the relevant Assistant Chief Executive.
- 3.1.8 Permission for the use of The Highland Council logo or branding must be sought from the corporate communications office.

4 Procurement Procedures

4.1 Authority to Procure

No tender shall be invited or contract entered into for the purchase of supplies or services, or for the execution of works unless the total estimated expenditure has been previously approved and has an approved budget. No tender shall be invited for a concession or Concession Contract entered into unless it has been previously approved. The method of authorising a procurement is dependent on the Contract Value and Contract Type as per the below table:

Contract Type	Threshold	Approval Route
Supplies, Services or Works	Contract Value below £20,000 (supplies/services) and below £50,000 (works)	Where the Contract Value is estimated to be below £20,000 (supplies/services) or £50,000 (works) the Delegated Procurer must obtain a minimum of one written quote and be able to demonstrate that best value has been achieved.
Supplies, Services or Works (including concession contracts)	Contract Value between £20,000 - £50,000 (supplies/services), between £50,000 and £2,000,000 (works) or £4.5m (concessions)	The relevant Assistant Chief Executive or relevant Chief Officer may give authority to conduct any procurement where the estimated Contract Value is between £20,000 - £50,000 (supplies/ services) or between £50,000 - £2,000,000 (works), and following consultation with the Chief Officer – Corporate Finance, the Head of the Commercial and Procurement Shared Service may give authority to conduct any procurement where the estimated Contract Value of a Concession Contract is below £4.5m. These procurements shall be undertaken by a Delegated Procurer in line with the procedures set out in the Procurement Manual.
Supplies or Services	Contract Value above £50,000 (supplies or services)	Procurement Approval Group (PAG) Contracts with an estimated Contract Value above these thresholds require a procurement approval form (conforming to a template approved by the Head of the Commercial and Procurement Shared Service) to be submitted to the Procurement Approval Group. Approval must be granted by the Procurement Approval Group prior to the commencement of the procurement. Procurement Approval Forms may only be submitted on the approval of the relevant Assistant Chief Executive, a representative of the Commercial and Procurement Shared Service and the Finance Business Partner.

Works	Contract Value above £2,000,000 (works)	Commissioning Approval Board (CAB) Contracts with an estimated Contract Value of greater than the £2,000,000 threshold require a procurement recommendation report to be submitted to the Commissioning Approval Board. Approval for the procurement route must be granted by the Commissioning Approval Board prior to the commencement of the procurement.
ICT Procurement	Contract Value above £50,000 (supplies or services)	Procurement Approval Group (PAG) Expenditure on ICT systems, hardware or software must not be incurred unless supported by the Chief Officer Business Solutions. In advance of submitting a procurement approval form (or business case) to the Procurement Approval Group to request approval to proceed with procurement for ICT related expenditure a support ticket must be raised so that the request can be assessed by ICT. Approval must be granted by the Procurement Approval Group prior to the commencement of the procurement. Procurement Approval Forms may only be submitted on the approval of the relevant Assistant Chief Executive, a representative of the Commercial and Procurement Shared Service and the Finance Business Partner.
Social Care (Children's & Justice Services)	Contract Value above £50,000 (supplies or services)	Strategic Commissioning Group (SCG) Approval of contracts for Children and Justice Services require a Procurement Approval Form (conforming to a template approved by the Head of Commercial and Procurement Shared Service) to be submitted to the Strategic Commissioning Group.
Framework Agreements or Dynamic Purchasing Systems	Contract Value above £50,000 (supplies/services), £2,000,000 (works) or £4.5m (concessions)	Delegated Procurers must whenever possible procure supplies, services and works under framework agreements or dynamic purchasing systems (i.e. Those provided by Scotland Excel, Scottish Government or other framework providers) provided that authority to do so for each call-off contract has been approved in accordance with these Contract Standing Orders and also provided that: - <ul style="list-style-type: none"> i. An Adoption Report has been completed in accordance with the Procurement Manual, ii. No material change has been made to the call-off terms under the framework agreement or dynamic purchasing system and calling-off from the agreement has been carried out in accordance with the procedures set out within the agreement, iii. Where a call-off exceeding £50k is being made via a framework agreement a contract award notice shall be published through Public Contracts Scotland which will in turn ensure this is recorded on the contract register. iv. If the aggregate Contract Value of call-off contracts under a framework agreement is likely to exceed the thresholds stated here then the authority of the relevant board as above shall be required for the call off.

Grant Funded Procurement	Contract Value above £50,000 (supplies/services), £2,000,000 (works) or £4.5m (concessions)	<p>Procurement Approval Group (PAG) or Commissioning Approval Board (CAB)</p> <p>Expenditure of grant funding, monetary bequest or donation received by the Council</p> <ul style="list-style-type: none"> i. Must always be conducted in accordance with the terms and conditions of the grant, monetary bequest or donation (if any). ii. Where a tender is to be invited or contract entered into that is in excess of the relevant threshold for supplies, services or works) and the expenditure either in whole or in part is to be met from grant funding, monetary bequest or donation received by the Council, then the authority of the relevant board as above shall be required for the call off. iii. If this applicable regulation cannot be complied with due to time constraints relating to expenditure of the grant, monetary bequest or donation, this would be considered grounds to suspend the applicable regulation under procurement regulation 3.10.
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4.1.2 There shall be no artificial splitting of a contract to avoid the application of thresholds set out within Scottish or UK procurement law and/or these Contract Standing Orders.

4.2 Exceeding approved Contract Value

4.2.1 Where a Contract Value has been previously approved for a supplies, services or concession contract and it becomes apparent that the indicative total Contract Value of the contract as previously reported is likely to be exceeded, this can be due to an extension to the contract end date or a price increase for example, no further action shall be taken under regulation 4.2.2 or 4.2.3 until the relevant Assistant Chief Executive or relevant Chief Officer has consulted with the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service on what action requires to be taken and no further orders shall be made under the contract until such advice has been obtained and approval granted on course of action advised.

4.2.2 In all cases where the additional cost is more than either the lesser of £100,000; or 50% of the approved Contract Value, in the case of supplies/services, or the additional turnover from the contract is more than the lesser of £4.5m and 10% of the original Contract Value in the case of a Concession Contract; a report on the matter must be submitted to the next meeting of the relevant approval board, for consideration. For contracts where the increase is less than the values stated here a request must be submitted to the relevant Chief Officer to approve in writing.

4.2.3 Where the Contract Value of a works contract is likely to exceed the indicative total Contract Value of that contract that has previously been approved, the Capital Board may approve further expenditure provided it is affordable within the assigned budget including any contingency allowances. The requirement to obtain the prior approval of the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service in accordance with regulation 4.2.1 must be observed in all cases unless unforeseeable events occurring at a works site require an immediate decision. For any instances where an immediate decision is required the Assistant Chief Executive or relevant Chief Officer shall keep a record of contract change notices/

contract variations that increase the price of a works contract procured by their service and report them to the next scheduled Capital Board meeting.

- 4.2.4 The Procurement Approval Group, the Capital Board and the Strategic Commissioning Group shall keep a record of all reports made where the increase is greater than the thresholds set out in 4.2.2 of these regulations to be available for inspection for monitoring and audit purposes.

4.3 Competition absent for Technical Reasons

- 4.3.1 For Contracts between £20,000 - £50,000 (supplies/services) or between £50,000 - £2,000,000), where the works, supplies or services can only be provided by a particular supplier because competition is absent for technical reasons or because that supplier has an exclusive right (including intellectual property rights), and no reasonable alternative or substitute exists, a request for approval of a direct award must be submitted in writing to the Chief Officer - Corporate Finance or the Head of the Commercial and Procurement Shared Service. For exemption requests for technical reasons above those thresholds the approval of the relevant board will be required before the contract can be awarded, such approval must include consultation with the Chief Officer – Corporate Finance (in all cases such requests must be submitted using the approved exemption template from the Procurement Manual).
- 4.3.2 Where a direct award under regulation 4.3.1 is approved, a contract award notice shall be published through Public Contracts Scotland which will in turn ensure this is recorded on the contract register.

4.4 Authority to Carry Out Procurements

- 4.4.1 All contracts let by or on behalf of the Council shall be subject to an obligation to seek best value for the Council. The Head of the Commercial and Procurement Shared Service and the Delegated Procurer will be responsible for demonstrating fairness, non-discrimination, equal treatment and transparency in the procurement procedures and apply same to all parties having an interest in those procedures.
- 4.4.2 Procurements shall only be carried out by Delegated Procurers who have been designated as such by the Head of Commercial and Procurement and who having completed the relevant training are registered on the register of Delegated Procurers maintained by the Commercial and Procurement Shared Service.
- 4.4.3 Delegated Procurement Authority will be subject to renewal on a three yearly basis following completion of Procurement Training Modules as set by the Commercial and Procurement Shared Service, review of Delegated Procurement Authority may be increased, reduced or withdrawn by the Head of the Commercial and Procurement Shared Service as necessary.

4.5 Procurement Procedures (Quotes)

The procedure to be followed for the award of any contract by the Council depends on the estimated Contract Value. Values or amounts referred to in these Contract Standing Orders shall be based on the best available estimate at the time of tendering.

- 4.5.1 For any contract with a total estimated value below £20k (for supplies and services) or £50k (for works), the Delegated Procurer shall as a minimum obtain a single quotation and action a direct award of contract. Where the Delegated Procurer considers that better value for money could be achieved through a competitive

process and the procurement is not urgent the Delegated Procurer should consider actioning quotations in accordance with 4.5.2.

4.5.2 For any contract with a total estimated Contract Value between £20,000 - £50,000 (for supplies and services), between £50,000 - £2,000,000 (for works) or below £4.5m (for concessions), the Delegated Procurer shall follow the Procurement Manual and obtain written quotations to ensure the demonstration of best value to the Council in the sourcing decision. If quotations cannot be obtained the Delegated Procurer shall complete an exemption form (included in the Procurement Manual) explaining why this is the case and submit it to the Commercial & Procurement Shared Service for review and approval of the alternative course of action. The form will then need to be approved by the Chief Officer – Corporate Finance or the Head of the Commercial and Procurement Shared Service before the contract can be awarded.

4.5.3 All requests for quotations shall be advertised, and submissions received, via the Quick Quote online procurement tool available via Public Contracts Scotland, unless authorisation has been given by the Commercial and Procurement Shared Service to the contrary.

4.6 Procurement Procedures (Competitive Tendering Below the Higher Value Threshold)

4.6.1 Where any contract has an estimated value of between £50,000 and the Higher Value Threshold (for supplies/services) or between £2,000,000 and the Higher Value Threshold (works) or is otherwise exempt from the full application of the Public Contracts (Scotland) Regulations 2015, competitive tendering shall be undertaken.

4.6.2 To ascertain how the procurement shall be undertaken in relation to the requirement, the Delegated Procurer shall follow the Procurement Manual.

4.6.3 All tenders shall be appropriately advertised, and submissions received, via Public Contracts Scotland or such other platform as may be authorised by the Head of the Commercial and Procurement Shared Service.

4.7 Procurement Procedures (Competitive Tendering Above the Higher Value Threshold)

4.7.1 A Higher Value Threshold Procurement means a procurement undertaken in accordance with the Public Contracts (Scotland) Regulations 2015 or the Concession Contracts (Scotland) Regulations 2016 and requires advertising in Find a Tender Service. A GPA Threshold Procurement must be undertaken where the Council proposes to tender for any contract with an estimated value equal to or exceeding the applicable GPA Threshold (supplies, services or works contracts) –

[.https://www.gov.scot/publications/procurement-threshold-values/pages/procurement-threshold-values-from-1-january-2026-to-31-december-2027/](https://www.gov.scot/publications/procurement-threshold-values/pages/procurement-threshold-values-from-1-january-2026-to-31-december-2027/)

4.7.2 To ascertain how the procurement shall be undertaken in relation to the requirement, the Delegated Procurer shall follow the Procurement Manual.

4.7.3 All tenders shall be appropriately advertised, and submissions received, via Public Contracts Scotland or such other platform as may be authorised by the Head of the Commercial and Procurement Shared Service.

5 Roles and Responsibilities

5.1 General Responsibilities

It is the duty of all employees within the Council to ensure that these Contract Standing Orders, and the Procurement Manual, are adhered to in order to ensure Best Value is achieved in relation to expenditure relating to supplies, services or works contracts and the granting of Concession Contracts. The allocation of a budget as part of the Council's budget setting process is not sufficient to comply with these contract standing orders.

5.2 Chief Officer - Corporate Finance (Procurement Senior Responsible Officer)

- 5.2.1 The Chief Officer - Corporate Finance is responsible for all procurement and tendering arrangements for supplies, services, works and the granting of concessions. The Commercial and Procurement Shared Service led by Aberdeen City Council on behalf of Aberdeen City Council, Aberdeenshire Council and The Highland Council, will be responsible for providing Commercial & Procurement Services on behalf of the Chief Officer - Corporate Finance under the Commercial and Procurement Shared Service Collaboration Agreement.
- 5.2.2 The Chief Officer - Corporate Finance is responsible for establishment of a Governance Board to review and approve expenditure where any contract has an estimated value of above £50,000 for supplies/services or above £4,500,000 for a concession contract. Terms of Reference and membership of the board shall be reviewed annually, the board membership must include Procurement and Finance representation.
- 5.2.3 The Chief Officer - Corporate Finance is responsible for establishment of a Governance Board, to be known as the Commissioning Approval Group which will be chaired by the Assistant Chief Executive - Place, to review and approve expenditure where any contract has an estimated value of above £2,000,000 for works. Terms of Reference and membership of the board shall be reviewed annually the board membership must include Procurement and Finance representation.

5.3 Head of Commercial and Procurement Shared Service

- 5.3.1 The Head of the Commercial and Procurement Shared Service is responsible for all procurement and tendering arrangements for supplies, services, works and the granting of concessions on behalf of the Chief Officer - Corporate Finance.
- 5.3.2 The Head of the Commercial and Procurement Shared Service shall authorise, by means of Delegated Procurement Authority, adequately trained staff to undertake procurement activity (Delegated Procurers).
- 5.3.3 The Head of the Commercial and Procurement Shared Service shall ensure that the Contract Standing Orders and the Procurement Manual are in place and that necessary revisions are made to it on a regular basis to reflect changes in legislation, Council policy or good practice.

5.3.4 The Head of the Commercial and Procurement Shared Service shall be responsible for complying with relevant reporting requirements as set out in relevant procurement legislation.

5.4 Assistant Chief Executive / Chief Officers

5.4.1 Each Assistant Chief Executive / Chief Officer has a responsibility to ensure that staff in their Service follow the Contract Standing Orders for all contracts let by their Service and is accountable to the Council for the performance of their duties in relation to contract management. Each Assistant Chief Executive / Chief Officer shall be able to evidence that the procurements are compliant with these Contract Standing Orders and the Procurement Manual.

5.4.2 Each Assistant Chief Executive / Chief Officer shall ensure that all contracts in place within their Service with a Contract Value of greater than £50,000 (supplies/ services or works or £4.5m (concessions) have contract award notices published on Public Contracts Scotland which will ensure that the contract is detailed within the corporate Contracts Register.

5.5 Delegated Procurers

5.5.1 All Delegated Procurers will ensure compliance with relevant procurement legislation, these Contract Standing Orders and the Procurement Manual.

5.5.2 Delegated Procurers are authorised to undertake procurements or to manage contracts to the levels stated within their individual Delegated Procurement Authority. They must ensure that these are not exceeded without the authority of the Head of the Commercial and Procurement Shared Service.

5.5.3 Delegated Procurers will be required to undertake training once every three years in order to maintain their Delegated Procurement Authority.

6 Sustainable Procurement

6.1 The Council is committed to working towards sustainable development, and in particular sustainable procurement and will work to embed the principles of sustainability at all stages of procurement activities to ensure that social, environmental and economic impacts are considered throughout the procurement and contract management process, consistent with relevant legislation.

6.2 In the context of these Contract Standing Orders “sustainable development” shall be taken to mean development which secures a balance of social, economic, health and environmental well-being in the impact of activities and decisions. Sustainable development seeks to meet the needs of the present without compromising the ability of future generations to meet their own needs.

6.3 Before carrying out a Regulated Procurement above £50,000 (supplies & Services) or above £2,000,000 (Works) (other than the procurement of a concessionaire), the Council must consider how in conducting the procurement process it can:

- i. improve the economic, social and environmental wellbeing of the Council’s area.

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- ii. facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process.
- 6.4 In carrying out the procurement the Council must act with a view to securing such improvements as identified within paragraph 6.3. However, the Council must only consider matters that are relevant to what is proposed to be procured and, in doing so, consider the extent to which it is proportionate in all the circumstances to take those matters into account.
- 6.5 Sustainable Procurement can also be considered in procurements below the regulated thresholds, if proportionate and relevant to do so. Where matters that are relevant to what is proposed to be procured can be included and, in doing so, consider the extent to which it is proportionate in all the circumstances to take those matters into account.
- 6.6 Community Benefit outcomes must be developed in line with the Highland Community Benefit Policy ([Highland Community Benefit Policy](#)). Detailed information, guidance and templates are available within the Procurement Manual. The Commissioning Approval Board (CAB), the Procurement Approval Group (PAG) and the Strategic Commissioning Group (SCG) will have a responsibility to ensure that adherence to the Community Benefit policy is included in the board Terms of Reference and the approval templates to support the application of the policy across all procurement activity.

7 Purchase Orders

- 7.1 No supplies, services or works shall be ordered or instructed except on an official order form, which shall be in an approved format. Where, by reason of urgency or necessity, a verbal order is issued, it must be confirmed within 3 working days with the issue of an official order form from the ordering system. The supplier shall be requested to quote order numbers on all invoices.
- 7.2 The order, shall be approved by an authorised signatory. The officer approving the purchase order must be satisfied that there is appropriate budgetary provision covering the estimated cost and that Council procurement procedures have been followed prior to authorisation.
- 7.3 The Chief Officer - Corporate Finance has authority to dispense with the requirement to complete a purchase order and shall maintain a register of such dispensations. Purchasing with a purchase card is subject to this dispensation.

8 Special Matters

8.1 Lease Equipment Included in Contracts (IFRS16)

- 8.1.1 IFRS 16 Leases was issued by the International Accounting Standards Board (IASB) in 2016. Under IFRS 16 all information relating to any lease, hire or rental for all assets owned or used by each Council whether for a monetary value or not must be collected and recorded. The new Accounting Standard International Financial Reporting Standard (IFRS 16) - Leases must be implemented in the Council's Annual Accounts from 31 March 2024. The value of all leased assets will be recorded as assets on the Council's Balance Sheet. A borrowing liability for the lease showing the amount due to be paid over the life of the asset will also be recorded on the Council's

Balance Sheet which will ensure all borrowing requirements can be considered to ensure that the Council does not exceed its annual borrowing threshold.

8.1.2 Procurement processes as set out in section 4.5 – 4.7 of these CSO's will apply to procurement for a lease or hire and information is contained within the procurement manual on requirements for mandatory data to be included in any hire requests and lease contracts for recording, the delegated procurer must be able to demonstrate leasing is value for money.

8.2 Second Hand Supplies - Second hand supplies up to a value of £50,000 may be acquired without a competitive quotation being obtained provided that:

- a) The Assistant Chief Executive or Chief Officer of the relevant Service can demonstrate that the purchase is necessary to facilitate service delivery.
- b) The Assistant Chief Executive or Chief Officer of the relevant Service can demonstrate that the purchase represents best value, having given due consideration to the cost of an equivalent new purchase and estimated life of the asset both from new and current age.
- c) The supplies have been subject to inspection to ascertain their physical condition, with a record kept of the outcome of the inspection.
- d) The Council has clear title to the supplies.
- e) The Assistant Chief Executive or Chief Officer obtains in writing (including e-mail) the prior agreement of the Chief Officer - Corporate Finance before effecting the purchase.

8.3 Grants

8.3.1 The award of grants is a means by which the Council provides subsidies or funding to external bodies (including individuals, businesses and third sector organisations) to further the aims of those external bodies. Grant funding must follow local codes of practice for funding external bodies, 'Following the Public Pound' as well as state aid rules. Grants must not be used to procure supplies, services or works which the Council would otherwise have to procure in accordance with these Contract Standing Orders.

8.3.2 Whilst an award of a grant by the Council may not be subject to these Contract Standing Orders, it is essential that the Council's procedures on awarded grants are adhered to.

8.3.3 Where it is envisaged that there may be any procurement or state aid implications in the award of grants (including the aggregation of grants to the same organisation), then the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service must be consulted prior to entering into any such arrangement.

8.3.4 Purchase of supplies, services or works in relation to grant funding awarded to the Council will be carried out in accordance with the provisions within these Contract Standing Orders.

8.3.5 Acknowledgment of all funding (Highland Council, Common Good and other funding sources) must adhere to the specified rules and guidance of the awarding grant source. The Council must specify in any award of contract what is expected of the recipient in terms of acknowledging funding in printed materials, signage, web and/or social media.

8.4 Shared Services

- 8.4.1 Shared Services are arrangements where the Council collaborates with other public authorities to obtain supplies, services or works from them. Advice on the operation of procurement rules in respect of any proposed shared service arrangement should be sought from the Head of the Commercial and Procurement Shared Service.
- 8.4.2 Identification of a proposed shared service arrangement should be undertaken only following consultation with the Chief Officer - Corporate Finance and the Head of the Commercial and Procurement Shared Service and can only be entered into where the Assistant Chief Executive or Chief Officer of the relevant Service can demonstrate that such an arrangement represents best value to the Council.
- 8.4.3 Approval to enter into a shared service arrangement may also require the approval of the appropriate Strategic Committee.

8.5 Income Generation

- 8.5.1 Where a contract is to be entered into by the Council for income generation purposes and there will be no expenditure by the Council out with approved budgets, the Head of the Commercial and Procurement Shared Service, following consultation with the Chief Officer – Corporate Finance, shall approve the decision to enter into the contract and the Terms and Conditions of Contract to be utilised and there shall be no requirement for approval of a business case.

8.6 Appointment of Consultants

- 8.6.1 The appointment of consultants or sub-contractors shall be conducted in accordance with the provisions of these Contract Standing Orders. Such appointments may fall within the IR35 rules which may result in the Council being liable to pay income tax and national insurance contributions in respect of the engagement, IR35 implications must be established prior to commencing the procurement process. The Council must not enter into contracts with any individual or company direct where it is established IR35 will apply without the prior approval of the Head of the Commercial and Procurement Shared Service in consultation with the Chief Officer – Corporate Finance. Details of how to ascertain whether an appointment may fall under IR35 rules are contained within the Procurement Manual.
- 8.6.2 In appointing consultants Assistant Chief Executives or Chief Officers must ensure that the terms of agreement are controlled and knowledge transfer to Council officers should be effected where beneficial.
- 8.6.3 Any contract for Consultancy shall specify as a minimum:
- the precise scope of the commission;
 - cost limits and controls;
 - lines and levels of reporting, responsibility and authority;
 - insurance cover (which must be verified by Council officers);
 - the method of determining completion of work and payment thereof;
 - standard Highland Council terms of payment; and
 - the ownership of intellectual property rights relating to any material or computer software developed during the consultancy.

It shall be the responsibility of the Assistant Chief Executive or relevant Chief Officer to ensure that any consultancy contract complies with the Contract Standing Orders.

8.7 Arms-Length External Organisations (ALEOs)

8.7.1 Each Arms-Length External Organisation (ALEO) established by or on behalf of the Council must operate procurement and contracting arrangements that ensure full compliance with all applicable public procurement legislation in Scotland, including (but not limited to):

- the Procurement Reform (Scotland) Act 2014;
- the Public Contracts (Scotland) Regulations 2015; and
- any subsequent amendments or statutory guidance issued by the Scottish Government.

8.7.2 To ensure compliance and consistency of governance, each ALEO must:

- a) Adopt the Council’s Contract Standing Orders (CSOs) in full; or
- b) Put in place its own procurement regulations, policies and procedures which are demonstrably consistent with the principles of openness, fairness, transparency and non-discrimination set out in these CSOs and ensure compliance with relevant public procurement legislation.

9 Tender Issue and Receipt

9.1 Delegated Procurers shall issue invitations to quote/tender and contract documents for all contracts in compliance with these Contract Standing Orders and the Procurement Manual.

9.2 Terms and Conditions of Contract

9.2.1 The Delegated Procurer shall ensure that all contracts are governed by terms and conditions appropriate to the nature and risk profile of the contract as per the table below:

Contract Type	Applicable Terms and Conditions
Supplies and Services	Use the Council’s Standard Terms and Conditions for Goods or Services as applicable for straightforward, low-risk goods or service contracts (e.g. surveys, inspections, advisory services) where there is no design responsibility, no collateral warranty requirement, and no complex intellectual property or multi-party coordination. For ICT contracts the standard services terms and conditions may not be sufficient and the Delegated Procurer should consult the Chief Officer - Legal and Corporate Governance.
Construction Works	For works contracts, use a recognised industry-standard building contract (e.g., SBCC, JCT, NEC) appropriate to the scope and complexity of the works, incorporating Council specific amendments. These contracts provide essential provisions for risk allocation, variations, payment, insurance, and dispute resolution that are not covered by the Council’s standard Terms and Conditions. Exception: For very minor works (typically under £20,000) that are low-risk and non-complex, a works order incorporating the Council’s standard Terms and Conditions for Services may be used.

Construction & Technical Consultancy Services	For construction and technical consultant appointments (such as architects, engineers, project managers, quantity surveyors, and other roles involving design liability or collateral warranties, use an industry-recognised consultancy appointment (e.g., ACE, RICS, NEC Professional Services Contract). The Council’s general Terms and Conditions for services are not sufficient for these roles but may be sufficient for other types of consultancy i.e. business consultancy roles. If specialist advice is required on appropriate forms of contract please consult the Chief Officer - Legal and Corporate Governance.
Framework Agreements	Where a framework agreement applies, you must use the terms and conditions specified within that framework, minor amendments would be permitted where a mini competition has been conducted.

9.2.2 On no occasion will the Council contract under terms supplied by a contractor or consultant unless these have been reviewed and approved by the Head of Commercial & Procurement Shared Service or the Chief Officer – Legal and Corporate Governance.

9.3 Advertisement

9.3.1 Unless agreed otherwise in writing by the Head of Commercial and Procurement Shared Services, any tender which requires to be advertised in accordance with these Contract Standing Orders shall be advertised via the Public Contracts Scotland website (www.publiccontractsscotland.gov.uk), notwithstanding any other form of advertisement or notice required by law or otherwise.

9.4 Issue of Tenders

9.4.1 Electronic procurement (e-procurement) processes will be utilised for all tender exercises. Contracts shall be advertised, contract documents issued, information exchanged, tenders submitted, received and opened via electronic means. Detailed guidance is available within the Procurement Manual, where an exception is required to Electronic Tendering then the Head of the Commercial & Procurement Shared Service should be contacted for guidance on how to proceed. Generally, an exception would only be agreed if there was an issue with electronic tendering systems or an alternative was required to facilitate more complex procurement procedures i.e. innovation partnership/competitive dialogue.

9.5 Receipt of Tenders

9.5.1 Tenders will be received and opened electronically via the electronic tendering system utilised by the Council. Where, in exceptional circumstances, electronic procurement is not utilised, tender receipt and submission shall be undertaken as per the Procurement Manual.

10 Tender Evaluation

10.1 Tenders shall be evaluated by a group of nominated individuals in accordance with the Procurement Manual.

10.2 Tenders shall be evaluated in accordance with the quotation or tender award criteria, and on the basis of establishing which offer is the most economically advantageous and provides Best Value to the Council.

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- 10.3 Tenders shall be evaluated strictly in accordance with the evaluation criteria set out in the tender documents. No tender shall be accepted based on evaluation of criteria not set out in the tender documents.
- 10.4 A written record shall be maintained outlining the evaluation process, recording the process followed, the criteria applied, and detailing the reasons for the decision. This record shall be retained as per the Council's Retention Policy and is further detailed within the Procurement Manual.

11 Supplier Selection and Tender Acceptance

- 11.1 An Award Report must be completed in accordance with the Procurement Manual and approval sought from the relevant Assistant Chief Executive or Chief Officer of the procuring service to proceed with the recommendations within the report to award any tender for supplies/services/works or a concession contract.
- 11.2 As soon as reasonably practicable after a decision has been made to eliminate a supplier or tender at any stage of a procurement procedure the Council must notify those tenderers and candidates concerned of their elimination by notice in writing.
- 11.3 As soon as possible after a decision has been made to award any contract following a procurement process where Contract Value is above the Higher Value threshold the Council shall, by notice in writing, inform all candidates and economic operators concerned of the Council's decision to award the contract.
- 11.4 Tender acceptance letters and debrief (standstill period) letters shall be prepared and signed by the Delegated Procurer using the approved template within the Procurement Manual (Tender acceptance and debrief letters do not commit the Council to a contract). Tender acceptance and debrief letters do not commit the Council to a contract and a formal contract will be entered into following the end of the 10-day standstill period.
- 11.5 Debriefs shall be undertaken in accordance with the Procurement Manual.

12 Award of Contract

- 12.1 At the conclusion of the tender procedure and (if applicable) after the expiry of any Standstill Period the final contract shall be entered into between the Council and the successful tenderer.
- 12.2 Contracts shall be entered into and executed as follows:
- 12.2.1 Contracts with a value equal to or exceeding the Higher Value Threshold, through the execution of a written contract executed in accordance with Scots law, signed on behalf of the Council by a person duly authorised under the scheme of delegation and signed by the contractor by a duly authorised person.
- 12.2.2 Contract Values of less than the GPA Threshold, unless the Head of the Commercial and Shared Procurement Service has directed a particular option in the case of a procurement, the contract should be executed either:
- i. through the execution of a written contract executed in accordance with Scots law and signed on behalf of the Council by a person duly authorised under the scheme of delegation and signed by the contractor by a duly authorised person; or

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- ii. by the issuing of an Award Letter by the Assistant Chief Executive or Chief Officer of the procuring Service, and the return of such letter signed by a duly authorised person on behalf of the tenderer signifying their acceptance of the appointment on the terms and conditions stated therein.

13 Contract Management

- 13.1 It is the responsibility of the Delegated Procurer to ensure that details of all contracts are included within the Contracts Register and that copies of all concluded contracts are available to the Commercial and Procurement Shared Service as required.
- 13.2 The Delegated Procurer shall ensure that the performance of the contract is monitored and reviewed in a way which is proportionate to the value, duration, subject matter and complexity of the contract, and in accordance with Procurement Manual and any other guidelines on contract management issued by the Commercial and Procurement Shared Service from time to time.

14 Records and Reporting

- 14.1 The Head of the Commercial and Procurement Shared Service shall maintain and publish a Contracts Register for the monitoring of all contracts and framework agreements developed or in use across the Council, which shall include, as a minimum, all information as required by relevant legislation. This information is detailed within the Procurement Manual.
- 14.2 Each Procuring Service shall ensure that the required information as detailed within the Procurement Manual is communicated to the Commercial and Procurement Shared Service as soon as possible in order to maintain the Contracts Register.
- 14.3 The Head of Commercial and Procurement Shared Services shall produce and publish a Corporate Procurement Strategy, which shall be reviewed on an annual basis. The Corporate Procurement Strategy shall include, as a minimum, all information as required by relevant legislation.
- 14.4 The Head of Commercial and Procurement Shared Services shall produce and publish an Annual Procurement Report as soon as practicable after the end of each financial year. The Annual Procurement Report shall include, as a minimum, all information as required by relevant legislation.
- 14.5 Delegated Procurers shall comply with all reporting procedures put in place by the Head of Commercial and Procurement Shared Services.
- 14.6 Assistant Chief Executive or Chief Officers shall aim to submit business cases in accordance with these Contract Standing Orders at least 9 months prior to the required contract start date.
- 14.7 The Head of Commercial and Procurement Shared Services shall ensure that reports on matters specified in the Joint Procurement Strategy, and otherwise as required, are brought to any relevant Council Committee.

15 Contracts for Health or Social Care Services

- 15.1 For the purposes of this section of the Contract Standing Orders, Contracts for Health or Social Care Services shall mean contracts for the provision of services under the Social Work (Scotland) Act 1968; the Children (Scotland) Act 1995; or the Mental Health (Care and Treatment) (Scotland) Act 2003; or any other function of the Council covered by the definition of a care service in the Regulation of Care (Scotland) Act 2001, including housing support services and any other relevant legislation.
- 15.2 The degree and method of competition required approving expenditure will depend on the total estimated expenditure for the contract as follows: -

Estimated Contract Value/Threshold	Degree of Competition Required
i. Up to £50,000	Written quotations must be obtained to demonstrate best value to the Council in accordance with the Procurement Manual.
ii. £50,000 up to the Light Touch Regime (“LTR”) Threshold (from 1 st January 2024 (inc. VAT) set at £663,540 but subject to change every second 1 st of January)	Direct awards may be made subject to appropriate approval in accordance with Procurement Regulation 15.4, otherwise a competitive tendering process shall be undertaken in accordance with procurement legislation.
iii. LTR Threshold and above	Must be advertised in Find a Tender Service and the light touch provisions in The Public Contracts (Scotland) Regulations 2015 apply.
iv. Contract Value over £4.5m (concessions only)	Prior Information Notice must be published in Find a Tender Service. A contract Notice is not required. Concession contract award notices must be published in Find a Tender Service, but may be grouped and published quarterly containing the information set out in s49 of the Concession Contracts (Scotland) Regulations 2016

15.3 Extensions and Variations

- 15.3.1 There shall be no requirement to report to or seek approval to extend a contract where the option to extend was included in the original Strategic Commissioning Group approval. The authority to exercise an option to extend in these circumstances shall be delegated to the Chief Officer Integrated People Services unless the combined Contract Value exceeds the amount approved and the additional cost exceeds the amount specified in 4.1.2.2(ii), in which case the Strategic Commissioning Committee, shall have the authority to agree the extension or variation following presentation of a Business Case by the Delegated Procurer.
- i. Where the extension was not covered in the original Strategic Commissioning Group approval and the combined Contract Value of the existing Contract, and the extension or variation is less than £50,000

(supplies/ services) or £4.5m (concessions) then the Chief Officer Integrated People Services shall have authority to agree the extension or variation following receipt of a Business Case from the Delegated Procurer.

- ii. Where the extension was not covered in the original Strategic Commissioning Group approval and the combined Contract Value of the existing Contract and the extension or variation is equal to or exceeds £50,000 (supplies/services) or £4.5m (concessions) then the Strategic Commissioning Group, shall have authority to agree the extension or variation following presentation of a Business Case by the Delegated Procurer.
- iii. No Contract extension or variation of the scope of a Contract can be presented to Committee as appropriate, in terms of this regulation 15.3 unless the Head of Commercial and Procurement Services has previously approved a Business Case.

15.4 Exceptional Procedure

15.4.1 Where the Chief Officer Integrated People is satisfied that one or more of the following circumstances apply, they have delegated authority to enter into an exceptional procedure with one provider:

- a) Where the Chief Officer Integrated People Services is satisfied that the requirement of the contract is unique or, after research, only one suitable source of supplies can be identified;
- b) When, for reasons of extreme urgency or risk to life or health and wellbeing the other procurement procedures cannot reasonably be complied with;
- c) Where, for example in the case of certain residential or supported living services, there are only limited spaces available for a specific type of care and those spaces only become available occasionally and at short notice;
- d) Where the Council is instructed by a Children's Hearing or Educational Tribunal to place a child in a particular setting;
- e) Where the individual has a right to choose and direct their own accommodation and/or support;
- f) Where the Chief Officer Integrated People Services is satisfied that the risk to service user(s) outweighs the benefits of advertising the requirement and awarding the contract or framework following competition; or
- g) In exceptional circumstances, a direct award may be made in relation to Threshold (iii), for example in relation to residential care homes, where the provider owns the property and delivers the service, and we have no ability to re-tender to change the provider. In accordance with the Scottish Government's Best Practice Guidance: A public body should decide, on a case-by-case basis, whether or not to advertise the requirement and award a contract or framework agreement by competition. A number of factors should be taken into account, including application of the procurement legislation, procurement policy and risk of legal challenge; application of local financial regulations and standing orders; and benefits and risks to people who use services and service delivery.

An exceptional procedure means direct negotiations with a single provider/contractor without competition or further competition with a view to the Chief Officer Integrated People Services awarding the contract to that contractor or extending an existing contract.

15.4.2 In exceptional circumstances, where permitted by Regulations 33 or 72 of the Public Contracts (Scotland) Regulations 2015, a direct award may be made in relation to Threshold (iii), for example in relation to

residential care homes, where the provider owns the property and delivers the service and we have no ability to re-tender to change the provider.

15.5 Authority to Incur Expenditure in relation to Direct Awards

15.5.1 Contracts that do not facilitate individual placements. Where the contract is for a service that does not facilitate individual placements a business case must be approved as follows: -

15.5.1.1 In relation to Threshold (i) – Approval by the Chief Officer Integrated People Services;

15.5.1.2 In relation to Concession Contracts below threshold (iv), the submission of a business case by the Chief Officer Integrated People Services to the Head of Commercial and Procurement; or

15.5.1.3 In relation to Threshold (ii) - £50,000 up to the LTR Threshold and Threshold (iii) and (iv): - The submission of a business case to the Strategic Commissioning Group in advance of the contract being awarded.

15.5.2 Contracts for individual placements

Where the contract is for an individual placement, for any value, including call-off contracts from framework agreements, authorisation will be obtained in accordance with social work / care management procedures (for example, resource allocation or placing panel). Expenditure shall be approved by the chair of the placing panel where the amount is equal to or less than the amount of their “delegated financial limit” as set by Chief Officer Corporate Finance, and otherwise shall be approved by the Chief Officer Integrated People Services. Prior to call-off from any external framework agreement, an Adoption Report must be completed in accordance with the Procurement Manual.

15.6 Authority to Carry Out Procurements

Delegated Procurers for Health and Social Care Services are designated as such by the Head of Commercial and Procurement and the responsibilities of DPA's as per section 5.5 of these CSO's apply.