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## STATUTORY INSTRUMENTS

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# 2015 No. 102

## The Public Contracts Regulations 2015

### PART 2

#### RULES IMPLEMENTING THE PUBLIC CONTRACTS DIRECTIVE

##### CHAPTER 1

##### SCOPE AND GENERAL PRINCIPLES

###### SECTION 1

###### Scope

###### SUB-SECTION 1

###### *Subject-matter and mixed procurement*

#### **Subject-matter and scope of Part 2**

**3.—**(1) This Part establishes rules on the procedures for procurement by contracting authorities with respect to public contracts and design contests which—

- (a) have a value estimated to be not less than the relevant threshold mentioned in regulation 5, and
  - (b) are not excluded from the scope of this Part by any other provision in this Section.
- (2) This Part is subject to Article 346 of TFEU.

#### **Mixed procurement**

**4.—**(1) In the case of mixed contracts which have as their subject-matter different types of procurement all of which are covered by this Part—

- (a) contracts which have as their subject-matter two or more types of procurement (works, services or supplies) shall be awarded in accordance with the provisions applicable to the type of procurement that characterises the main subject-matter of the contract in question; and
- (b) in the case of—
  - (i) mixed contracts consisting partly of services to which Section 7 applies and partly of other services, or
  - (ii) mixed contracts consisting partly of services and partly of supplies,the main subject-matter shall be determined in accordance with which of the estimated values of the respective services, or of the respective services and supplies, is the highest.

(2) In the case of contracts which have as their subject-matter procurement covered by this Part and procurement not covered by this Part—

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- (a) where the different parts of a given contract are objectively separable—
- (i) contracting authorities may choose to award separate contracts for the separate parts or to award a single contract;
  - (ii) where contracting authorities choose to award separate contracts for separate parts, the decision as to which legal regime applies to any one of such separate contracts shall be taken on the basis of the characteristics of the separate part concerned;<sup>F1</sup>...
  - (iii) where contracting authorities choose to award a single contract, this Part applies to the ensuing mixed contract, irrespective of—
    - (aa) the value of the parts that would otherwise fall under a different legal regime, and
    - (bb) which legal regime those parts would otherwise have been subject to;<sup>F2</sup>; and
  - (iv) where, in the case of mixed contracts containing elements of public contracts covered by this Part and of concession contracts, contracting authorities choose to award a single contract, that contract shall be awarded in accordance with this Part, provided that the estimated value of the part of the contract which constitutes a public contract covered by this Part, calculated in accordance with regulation 6, is equal to or greater than the relevant threshold set out in regulation 5;]
- (b) where the different parts of a given contract are objectively not separable, the applicable legal regime shall be determined on the basis of the main subject-matter of that contract.

[<sup>F3</sup>(2A) In the case of contracts which have as their subject-matter both procurement covered by this Part and procurement for the pursuit of an activity which is subject to the Utilities Contracts Regulations 2016, the applicable rules shall, despite paragraph (2), be determined by regulations 6 and 7 of those Regulations.]

(3) But where part of a given contract is covered by Article 346 of TFEU or the Defence and Security Regulations, regulation 16 applies instead of [<sup>F4</sup>paragraphs (1) to (2A)].

#### Textual Amendments

- F1** Word in reg. 4(2)(a)(ii) omitted (18.4.2016) by virtue of [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), reg. 1(1), **Sch. 2 para. 4(2)(a)** (with reg. 5)
- F2** Reg. 4(2)(a)(iv) and word inserted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), reg. 1(1), **Sch. 2 para. 4(2)(b)** (with reg. 5)
- F3** Reg. 4(2A) inserted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), reg. 1(1), **Sch. 2 para. 4(3)** (with reg. 5)
- F4** Words in reg. 4(3) substituted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), reg. 1(1), **Sch. 2 para. 4(4)** (with reg. 5)

## SUB-SECTION 2

### Thresholds

#### Threshold amounts

5.—(1) This Part applies to procurements with a value net of VAT estimated to be equal to or greater than the following thresholds:—

- (a) for public works contracts, the sum specified in Article 4(a) of the Public Contracts Directive;

- (b) for public supply contracts and public service contracts awarded by central government authorities, and design contests organised by such authorities, the sum specified in Article 4(b) of the Public Contracts Directive, subject to paragraph (2);
  - (c) for public supply contracts and public service contracts awarded by sub-central contracting authorities, and design contests organised by such authorities, the sum specified in Article 4(c) of the Public Contracts Directive;
  - (d) for public service contracts for social and other specific services listed in Schedule 3, the sum specified in Article 4(d) of the Public Contracts Directive.
- (2) Where public supply contracts are—
- (a) awarded by central government authorities operating in the field of defence, and
  - (b) concern products not covered by Schedule 4,

the applicable threshold for the purposes of paragraph (1) is the sum specified in Article 4(c) of the Public Contracts Directive.

(3) References in paragraphs (1) and (2) to the Public Contracts Directive are references to that Directive as amended from time to time.

(4) The value in pounds sterling of any amount expressed in euro in any of the provisions of the Public Contracts Directive mentioned in this regulation shall be taken to be the value for the time being determined by the Commission for the purpose of that provision and published from time to time in the Official Journal in accordance with Article 6 of the Public Contracts Directive.

## **Methods for calculating the estimated value of procurement**

### *General rules*

6.—(1) The calculation of the estimated value of a procurement shall be based on the total amount payable, net of VAT, as estimated by the contracting authority, including any form of option and any renewals of the contracts as explicitly set out in the procurement documents.

(2) Where the contracting authority provides for prizes or payments to candidates or tenderers it shall take them into account when calculating the estimated value of the procurement.

(3) Where a contracting authority is comprised of separate operational units, account shall be taken of the total estimated value for all those units.

(4) But where a separate operational unit is independently responsible for its procurement, or certain categories of its procurement, the values may be estimated at the level of the unit in question.

(5) The choice of the method used to calculate the estimated value of a procurement shall not be made with the intention of excluding it from the scope of this Part.

(6) A procurement shall not be subdivided with the effect of preventing it from falling within the scope of this Part, unless justified by objective reasons.

(7) The estimated value shall be calculated as at the moment at which the call for competition is sent or, in cases where a call for competition is not foreseen, at the moment at which the contracting authority commences the procurement procedure (for example, where appropriate, by contacting economic operators in relation to the procurement).

(8) In the case of framework agreements and dynamic purchasing systems, the value to be taken into consideration shall be the maximum estimated value, net of VAT, of all the contracts envisaged for the total term of the framework agreement or the dynamic purchasing system.

(9) In the case of innovation partnerships, the value to be taken into consideration shall be the maximum estimated value, net of VAT, of the research and development activities to take place

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during all stages of the envisaged partnership as well as of the supplies, services or works to be developed and procured at the end of the envisaged partnership.

(10) In the case of public works contracts, the calculation of the estimated value shall take account of both the cost of the works and the total estimated value of the supplies and services that are made available to the contractor by the contracting authority provided that they are necessary for executing the works.

#### *Treatment of lots*

(11) Where a proposed work or a proposed provision of services may result in contracts being awarded in the form of separate lots, account shall be taken of the total estimated value of all such lots.

(12) Where a proposal for the acquisition of similar supplies may result in contracts being awarded in the form of separate lots, account shall be taken of the total estimated value of all such lots when applying regulation 5(1)(b) and (c) (read with regulation 5(2)).

(13) For the purposes of paragraphs (11) and (12), where the aggregate value of the lots is equal to or greater than the relevant threshold mentioned in regulation 5, this Part applies to the awarding of each lot.

(14) Despite paragraphs (11) to (13), contracting authorities may, subject to paragraph (15), award contracts for individual lots without applying the procedures provided for by this Part, but only if the estimated value, net of VAT, of the lot concerned is less than—

- (a) 80,000 euro for supplies or services, or
- (b) 1 million euro for works.

(15) The aggregate value of the lots awarded in reliance on paragraph (14) shall not exceed 20% of the aggregate value of all the lots into which the proposed work, the proposed acquisition of similar supplies, or the proposed provision of services, has been divided.

#### *Other specific rules*

(16) In the case of public supply or service contracts which are regular in nature or which are intended to be renewed within a given period, the calculation of the estimated contract value shall be based on either of the following:—

- (a) the total actual value of the successive contracts of the same type awarded during the preceding 12 months or financial year adjusted, where possible, to take account of the changes in quantity or value which would occur in the course of the 12 months following the initial contract;
- (b) the total estimated value of the successive contracts awarded during the 12 months following the first delivery, or during the financial year where that is longer than 12 months.

(17) In the case of public supply contracts relating to the leasing, hire, rental or hire purchase of products, the value to be taken as a basis for calculating the estimated contract value shall be as follows:—

- (a) in the case of fixed-term public contracts, where that term is less than or equal to 12 months, the total estimated value for the term of the contract or, where the term of the contract is greater than 12 months, the total value including the estimated residual value;
- (b) in the case of public contracts without a fixed term, or public contracts the term of which cannot be defined, the monthly value multiplied by 48.

(18) In the case of public service contracts, the basis for calculating the estimated contract value shall, where relevant be the following:—

- (a) in the case of insurance services, the premium payable and other forms of remuneration;

- (b) in the case of banking and other financial services, the fees, commissions payable, interest and other forms of remuneration;
  - (c) in the case of design contracts, the fees, commissions payable and other forms of remuneration.
- (19) In the case of public service contracts which do not indicate a total price, the basis for calculating the estimated contract value shall be the following:—
- (a) in the case of fixed-term contracts where that term is less than or equal to 48 months, the total value for their full term;
  - (b) in the case of contracts without a fixed term or with a term greater than 48 months, the monthly value multiplied by 48.

### *SUB-SECTION 3*

#### *Exclusions*

#### **[<sup>F5</sup>Contracts in the water, energy, transport and postal services sectors**

- 7.—(1) This Part does not apply to public contracts or design contests which—
- (a) under the UCR 2016 are awarded or organised by contracting authorities—
    - (i) exercising one or more of the activities referred to in regulations 9 to 15 of those Regulations, and
    - (ii) for the pursuit of those activities;
  - (b) are excluded from the scope of the UCR 2016 by regulations 18, 23 or 34 of those Regulations; or
  - (c) are awarded or organised—
    - (i) by a contracting authority which provides postal services within the meaning of regulation 14 of the UCR 2016, and
    - (ii) for the pursuit of any of the following activities—
      - (aa) added value services linked to and provided entirely by electronic means (including the secure transmission of coded documents by electronic means, address management services and transmission of registered electronic mail);
      - (bb) financial services which are covered by CPV codes 66100000-1 to 66720000-3 and by regulation 21(1)(d) of the UCR 2016, including in particular postal money orders and postal giro transfers;
      - (cc) philatelic services;
      - (dd) logistics services (services combining physical delivery and warehousing, or either of them, with other non-postal functions).
- (2) In this regulation, “the UCR 2016” means the Utilities Contracts Regulations 2016.]

#### **Textual Amendments**

- F5** Reg. 7 substituted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), reg. 1(1), **Sch. 2 para. 5** (with reg. 5)

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### Specific exclusions in the field of electronic communications

8.—(1) This Part does not apply to public contracts, or design contests, for the principal purpose of permitting contracting authorities to provide or exploit public communications networks or to provide to the public one or more electronic communications services.

(2) In this regulation, “public communications network” and “electronic communications service” have the same meanings as in Directive 2002/21/EC of the European Parliament and of the Council <sup>MI</sup> as amended from time to time.

#### Marginal Citations

**MI** OJ No L 108, 24.4.2002, p33, last amended by Directive 2009/140/EC of the European Parliament and of the Council (OJ No L 337, 18.12.2009, p37).

### Public contracts awarded, and design contests organised, pursuant to international rules

9.—(1) This Part does not apply to public contracts, or design contests, which the contracting authority is obliged to award or organise in accordance with procurement procedures which are different from those laid down by this Part and are established by any of the following:—

- (a) a legal instrument creating international law obligations, such as an international agreement, concluded in conformity with the Treaties, between a member State and one or more third countries (or subdivisions of such countries) and covering works, supplies or services intended for the joint implementation or exploitation of a project by its signatories;
- (b) an international organisation.

(2) This Part does not apply to public contracts, or design contests, which the contracting authority awards or organises in accordance with procurement rules provided by an international organisation or international financing institution where the public contracts or design contests concerned are fully financed by that organisation or institution.

(3) In the case of public contracts, or design contests, co-financed for the most part by an international organisation or international financing institution, the parties shall agree on applicable procurement procedures.

(4) In the case of contracts and design contests involving defence or security aspects which are awarded or organised pursuant to international rules, regulation 17 applies instead of paragraphs (1) to (3) of this regulation.

### Specific exclusions for service contracts

10.—(1) This Part does not apply to public service contracts—

- (a) for the acquisition or rental, by whatever financial means, of land, existing buildings or other immovable property, or which concern interests in or rights over any of them;
- (b) for—
  - (i) the acquisition, development, production or co-production of programme material intended for audiovisual media services or radio media services, that are awarded by audiovisual or radio media service providers, or
  - (ii) broadcasting time or programme provision that are awarded to audiovisual or radio media service providers;
- (c) for arbitration or conciliation services;
- (d) for any of the following legal services:—

- (i) legal representation of a client by a lawyer within the meaning of Article 1 of Council Directive [77/249/EEC](#)<sup>M2</sup>, as amended from time to time, in—
    - (aa) an arbitration or conciliation held in a member State, a third country or before an international arbitration or conciliation instance, or
    - (bb) judicial proceedings before the courts, tribunals or public authorities of a member State or a third country or before international courts, tribunals or institutions;
  - (ii) legal advice given—
    - (aa) in preparation of any of the proceedings referred to in paragraph (i), or
    - (bb) where there is a tangible indication and high probability that the matter to which the advice relates will become the subject of such proceedings, provided that the advice is given by a lawyer within the meaning of Article 1 of Council Directive [77/249/EEC](#) as amended from time to time;
  - (iii) document certification and authentication services which must be provided by notaries;
  - (iv) legal services provided by trustees or appointed guardians or other legal services the providers of which are designated by a court or tribunal in the member State concerned or are designated by law to carry out specific tasks under the supervision of such tribunals or courts;
  - (v) other legal services which in the member State concerned are connected, even occasionally, with the exercise of official authority;
- (e) for—
- (i) financial services in connection with the issue, sale, purchase or transfer of securities or other financial instruments within the meaning of Directive [2004/39/EC](#) of the European Parliament and of the Council <sup>M3</sup> as amended from time to time,
  - (ii) central bank services, or
  - (iii) operations conducted with the European Financial Stability Facility and the European Stability Mechanism;
- (f) for loans, whether or not in connection with the issue, sale, purchase or transfer of securities or other financial instruments;
- (g) which are employment contracts;
- (h) for civil defence, civil protection, and danger prevention services that are provided by non-profit organisations or associations, and which are covered by CPV codes 75250000-3, 75251000-0, 75251100-1, 75251110-4, 75251120-7, 75252000-7, 75222000-8, 98113100-9 and 85143000-3 except patient transport ambulance services;
- (i) for public passenger transport services by rail or metro; or
- (j) for political campaign services covered by CPV codes 79341400-0, 92111230-3 and 92111240-6, when awarded by a political party in the context of an election campaign.
- (2) In this Regulation—
- (a) “audiovisual media services” and “media service providers” have, respectively, the meanings given by Articles 1(1)(a) and 1(1)(d) of Directive 2010/13/EU of the European Parliament and of the Council <sup>M4</sup> as amended from time to time;
  - (b) “programme” has the meaning given by Article 1(1)(b) of that Directive as amended from time to time, but also includes radio programmes and radio programme materials; and
  - (c) “programme material” has the same meaning as “programme”.

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#### Marginal Citations

- M2** OJ No L 78, 26.3.1977, p17, last amended by Council Directive 2013/25/EU (OJ No L 158, 10.6.2013, p368).
- M3** OJ No L 145, 30.4.2004, p1, last amended by Directive 2010/78/EU of the European Parliament and of the Council (OJ No L 331, 15.12.2010, p120).
- M4** OJ No L 95, 15.3.2010, p1.

### Service contracts awarded on the basis of an exclusive right

**11.** This Part does not apply to public service contracts awarded by a contracting authority to another contracting authority on the basis of an exclusive right which the latter enjoys pursuant to a law, regulation or published administrative provision which is compatible with TFEU.

### Public contracts between entities within the public sector

#### *Award of contracts to controlled persons*

**12.—(1)** A public contract awarded by a contracting authority to a legal person falls outside the scope of this Part where all of the following conditions are fulfilled:—

- (a) the contracting authority exercises over the legal person concerned a control which is similar to that which it exercises over its own departments;
- (b) more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority; and
- (c) there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person.

(2) A public contract also falls outside the scope of this Part where a controlled legal person which is a contracting authority awards the contract to—

- (a) its controlling contracting authority, or
- (b) another legal person controlled by the same contracting authority,

provided that there is no direct private capital participation in the legal person being awarded the contract with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the legal person being awarded the contract.

(3) A contracting authority shall be deemed to exercise over a legal person a control similar to that which it exercises over its own departments within the meaning of paragraph (1)(a) where—

- (a) it exercises a decisive influence over both strategic objectives and significant decisions of the controlled legal person, or
- (b) the control is exercised by another legal person which is itself controlled in the same way by the contracting authority,

and references to “control”, “controlled” and “controlling” in paragraphs (1) to (3) shall be interpreted accordingly.

#### *Award of contracts where there is joint control*



(4) A contracting authority which does not exercise over a legal person control within the meaning of paragraph (3) may nevertheless award a public contract to that legal person without applying this Part where all of the following conditions are fulfilled:—

- (a) the contracting authority exercises jointly with other contracting authorities a control over that legal person which is similar to that which they exercise over their own departments;
- (b) more than 80% of the activities of that legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authorities or by other legal persons controlled by the same contracting authorities; and
- (c) there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, in conformity with the Treaties, which do not exert a decisive influence on the controlled legal person.

(5) For the purposes of paragraph (4)(a), contracting authorities exercise joint control over a legal person where all of the following conditions are fulfilled:—

- (a) the decision-making bodies of the controlled legal person are composed of representatives of all participating contracting authorities;
- (b) those contracting authorities are able to jointly exert decisive influence over the strategic objectives and significant decisions of the controlled legal person; and
- (c) the controlled legal person does not pursue any interests which are contrary to those of the controlling contracting authorities.

(6) For the purposes of paragraph (5)(a), individual representatives may represent several or all of the participating contracting authorities.

*Contracts which establish or implement co-operation between contracting authorities*

(7) A contract concluded exclusively between two or more contracting authorities falls outside the scope of this Part where all of the following conditions are fulfilled:—

- (a) the contract establishes or implements a co-operation between the participating contracting authorities with the aim of ensuring that public services they have to perform are provided with a view to achieving objectives they have in common;
- (b) the implementation of that co-operation is governed solely by considerations relating to the public interest; and
- (c) the participating contracting authorities perform on the open market less than 20% of the activities concerned by the co-operation.

*Determination of percentages*

(8) For the determination of the percentage of activities referred to in paragraphs (1)(b), (4)(b) and (7)(c), the average total turnover, or an appropriate alternative activity-based measure such as costs incurred by the relevant legal person or contracting authority with respect to services, supplies and works for the 3 years preceding the contract award shall be taken into consideration.

(9) Where, because of—

- (a) the date on which the relevant legal person or contracting authority was created or commenced activities, or
- (b) a reorganisation of its activities,

the turnover, or alternative activity-based measure such as costs, are either not available for the preceding 3 years or no longer relevant, it shall be sufficient to show that the measurement of activity is credible, particularly by means of business projections.

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## *SUB-SECTION 4*

### *Specific situations*

#### **Contracts subsidised by contracting authorities**

**13.—**(1) This Part applies to the awarding of the following contracts:—

- (a) works contracts which are subsidised directly by contracting authorities by more than 50% and the estimated value of which, net of VAT, is equal to or greater than the sum specified in Article 13(a) of the Public Contracts Directive, where those contracts involve any of the following activities:—
  - (i) civil engineering activities as listed in Schedule 2;
  - (ii) building work for hospitals, facilities intended for sports, recreation and leisure, school and university buildings and buildings used for administrative purposes;
- (b) service contracts which are subsidised directly by contracting authorities by more than 50% and the estimated value of which, net of VAT, is equal to or greater than the sum specified in Article 13(b) of the Public Contracts Directive and which are connected to a works contract as referred to in paragraph (a).

(2) References in paragraph (1) to the Public Contracts Directive are references to that Directive as amended from time to time.

(3) The contracting authorities providing the subsidies referred to in paragraph (1) shall ensure compliance with this Part where they do not themselves award the subsidised contract or where they award that contract for and on behalf of other entities.

#### **Research and development services**

**14.** This Part applies to public service contracts for research and development services which are covered by CPV codes 73000000-2 to 73120000-9, 73300000-5, 73420000-2 and 73430000-5 only if—

- (a) the benefits accrue exclusively to the contracting authority for its use in the conduct of its own affairs, and
- (b) the service provided is wholly remunerated by the contracting authority.

#### **Defence and security**

**15.—**(1) This Part applies to the awarding of public contracts and to design contests organised in the fields of defence and security, with the exception of the following contracts:—

- (a) contracts falling within the scope of the Defence and Security Regulations;
- (b) contracts to which those Regulations do not apply by virtue of regulations 7 or 9 of those Regulations.

(2) This Part does not apply to public contracts and design contests not otherwise exempted by paragraph (1)—

- (a) to the extent that the protection of the essential security interests of the United Kingdom or another member State cannot be guaranteed by less intrusive measures, for example by imposing requirements aimed at protecting the confidential nature of information which the contracting authority makes available in a contract award procedure as provided for in this Part; or

(b) to the extent that the application of this Part would oblige the United Kingdom to supply information the disclosure of which it considers contrary to the essential interests of its security.

(3) Where the procurement and performance of the public contract or design contest are classified as secret or must be accompanied by special security measures in accordance with the laws, regulations or administrative provisions in force in any part of the United Kingdom, this Part does not apply provided that the United Kingdom has determined that the essential interests concerned cannot be guaranteed by less [<sup>F6</sup>intrusive measures], such as those referred to in paragraph (2)(a).

#### Textual Amendments

**F6** Words in [reg. 15\(3\)](#) substituted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), [reg. 1\(1\)](#), [Sch. 2 para. 6](#) (with [reg. 5](#))

### Mixed procurement involving defence or security aspects

**16.**—(1) This regulation applies in the case of mixed contracts which have as their subject-matter procurement covered by this Part and procurement covered by Article 346 of TFEU or the Defence and Security Regulations.

(2) Where the different parts of a given public contract are objectively separable, contracting authorities may choose to award separate contracts for the separate parts or to award a single contract.

(3) The decision to award a single contract shall not, however, be taken for the purpose of excluding contracts from the application of either this Part or the Defence and Security Regulations.

(4) Where contracting authorities choose to award separate contracts for separate parts, the decision of which legal regime applies to any one of such separate contracts shall be taken on the basis of the characteristics of the separate part concerned.

(5) Where contracting authorities choose to award a single contract, the following criteria shall apply to determine the applicable legal regime:—

- (a) where part of a given contract is covered by Article 346 of TFEU, the contract may be awarded without applying this Part, provided that the award of a single contract is justified by objective reasons;
- (b) where part of a given contract is covered by the Defence and Security Regulations, the contract may be awarded in accordance with those Regulations, provided that the award of a single contract is justified by objective reasons.

(6) Paragraph (5)(b) is without prejudice to the thresholds and exclusions for which the Defence and Security Regulations provide.

(7) Paragraph (5)(a) applies to mixed contracts to which both paragraph (5)(a) and (b) could otherwise apply.

(8) Where the different parts of a given contract are objectively not separable, the contract may be awarded without applying this Part where it includes elements to which Article 346 of TFEU applies; otherwise it may be awarded in accordance with the Defence and Security Regulations.

### Public contracts and design contests involving defence or security aspects which are awarded or organised pursuant to international rules

**17.**—(1) This Part does not apply to public contracts, or design contests, involving defence or security aspects which the contracting authority is obliged to award or organise in accordance with procurement procedures which are different from those laid down by this Part and are established by any of the following:—

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- (a) an international agreement or arrangement, concluded in conformity with the Treaties, between a member State and one or more third countries (or subdivisions of such countries) and covering works, supplies or services intended for the joint implementation or exploitation of a project by its signatories;
- (b) an international agreement or arrangement relating to the stationing of troops and concerning the undertakings of a member State or a third country;
- (c) an international organisation.

(2) This Part does not apply to public contracts, or design contests, involving defence or security aspects which the contracting authority awards [<sup>F7</sup>or organises] in accordance with procurement rules provided by an international organisation or international financing institution where the public contracts or design contests concerned are fully financed by that organisation or institution.

(3) In the case of public contracts, or design contests, co-financed for the most part by an international organisation or international financing institution, the parties shall agree on applicable procurement procedures.

#### Textual Amendments

- F7** Words in [reg. 17\(2\)](#) inserted (18.4.2016) by [The Public Procurement \(Amendments, Repeals and Revocations\) Regulations 2016 \(S.I. 2016/275\)](#), [reg. 1\(1\)](#), [Sch. 2 para. 7](#) (with [reg. 5](#))

**Status:**

Point in time view as at 18/04/2016.

**Changes to legislation:**

The Public Contracts Regulations 2015, Cross Heading: SECTION 1 is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.