

Procurement Policy Office

Guidelines for the Rental of Office Space

1. In these guidelines—

- “Act” means the Public Procurement Act;
- “control”, in relation to Government-controlled, means having an effective influence in the main aspects of management;
- “government agency” means a Ministry or Department, local authority, parastatal body or a public enterprise;
- “government-controlled space” means office space owned or rented by any public body or public enterprise;
- “office space” means any building or space which has the purpose of accommodating *inter alia* offices, stores, vehicles, plant and equipment for the conduct of operations by public bodies or incidental to the conduct of those operations;
- “own”, in relation to Government-owned, means having all or a majority of the shares or other forms of capital participation;
- “public enterprise” means any institution providing goods and services to the public which is either Government-owned or Government-controlled.

2. Application of Guidelines

For the purposes of section 3A of the Act and regulation 2C of the Public Procurement Regulations 2008, these guidelines shall apply to the procurement by a public body in respect of rental of office space.

3. Rental of office space through direct negotiations

(a) Where a public body intends to rent office space, it shall consider renting office space available in government-controlled space through direct negotiations with the government agency.

(b) Where office space is not available in government-controlled space, the public body may lease additional space in the building partly occupied by a government agency or may acquire an existing lease of a building occupied by a government agency, through direct negotiations with the owner of the building taking into account the rental cost, relocation charges and operational efficiency and the rental value of office space available elsewhere.

(c) The rental value under paragraph (a) or (b) shall be determined by the Valuation Department operating under the aegis of the Ministry of Finance, Economic Planning and Development (Valuation Department).

(d) Where the procedures referred to in paragraph 3(b) do not yield substantial benefit to the public body, the Chief Executive Officer of the public body shall not approve the contract, unless he is satisfied that the need is of extreme urgency.

4. Succeeding lease for continued occupancy of space

A public body may proceed with a succeeding lease for the continued occupancy of space in a building or lease of additional space in a building occupied where –

- (a) no potential acceptable location can be identified;
- (b) such provision was made in the initial contract; and
- (c) the lease price does not exceed the amount determined by the Valuation Department after conducting a valuation exercise; or
- (d) potential acceptable locations are identified, but a cost-benefit analysis indicates that an award to a bidder other than the present lessor will result in substantial relocation costs or duplication of costs to the Government, and the Government cannot expect to recover such costs through competition.

5. Rental of office space through competitive bidding

Where the annual rental value of the office space required by a public body is –

- (a) 500,000 rupees or less, the public body shall proceed with a request for proposal from, as far as reasonably possible, at least 5 bidders;
- (b) more than 500,000 rupees, the public body shall proceed with a request for proposal from at least 5 bidders, as far as reasonably possible following an expression of interest through wide publications.

6. Contract negotiations

(a) A public body may carry out negotiations whenever the annual rental value for the lowest evaluated bid is substantially above the value determined by the Valuation Department.

(b) The Chief Executive Officer of a public body shall ensure the integrity of the negotiation process by establishing a negotiating panel comprising at least 3 officials including a chairperson who are knowledgeable in the subject matter of the negotiation.

(c) The officials involved in the negotiating process shall avoid conflicts of interest situations, whether actual, potential or perceived and shall declare all such interests as soon as they are aware of them so that the Chief Executive Officer may decide whether they should continue to form part of the negotiating panel.

(d) The deliberations of the negotiating panel shall be recorded and signed by the parties involved.

(e) The negotiating panel shall be assisted by a Secretary.

7. Evaluation and award

(a) The offers shall be evaluated in accordance with the award criteria stipulated in the bidding documents and the criteria shall not be altered after the deadline for submission of the bids.

(b) The award shall be made to the substantially responsive bidder whose proposal is most advantageous to the Government taking into account price and other factors included in the bidding document.

(c) A public body shall, prior to awarding the contract, notify the selected bidder of its selection for award while at the same time informing the unsuccessful bidders of the name of the selected bidder and the amount of rent payable.

8. Publication of award

A public body shall, where the annual rental value of an award exceeds 5 million rupees, promptly post the award on its website giving the name and location of the office space, the name and address of the owner, the annual rental value and the duration of the lease.

9. Debriefing

A public body shall promptly respond to requests for debriefing made by unsuccessful bidders within 30 days from the date of notification of award.

Procurement Policy Office
15 April 2025