

# Policy

Title: Procurement Policy

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A policy should be a short statement which describes in general terms or objectives what a service area's principles and key objectives are on a particular subject and should be no longer than a 2 pages in length. The aim of the policy is to give practical effect of the strategy it supports.

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**Halton**  
Housing Trust

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## **Introduction**

The Trust believes it is essential that a proper and consistent approach is used in any procurement exercise to obtain works, goods or services on its behalf. This Policy has been developed to ensure that any employee who procures works, goods or services on behalf of the Trust is aware of and adheres to this approach.

## **Aims / Objectives**

When applying this approach, three key elements will drive the overall process, namely:

- Strict compliance with current EU legislation regarding procurement activities
- Strict compliance with the Trust's own Standing Orders and Financial Regulations
- Consideration of three cross cutting themes to be taken into account in every procurement exercise; Value For Money, Diversity and Customer Involvement.

## **Scope**

This Policy applies to all service areas and all employees.

## **Responsibility**

The Director of Resources has the overall responsibility for the effective implementation of this Policy.

## **Policy Statement**

### **1. Compliance with European Legislation**

The Trust accepts that as a 'Body Governed by Public Law', it must comply with the EU Procurement Rules comprised in EU Directive 2005/75/EC, translated into English law by the Public Contracts Regulations 2006.

In looking to comply with the European Legislation, the Trust commits to a rigorous application of EU principles across all its EU procurements and commits to the principles of Value for Money through open competition, Non Discrimination and Equal Treatment, Transparency, Proportionality and Confidentiality across all its procurement activities.

More details concerning compliance with European legislation can be found in the associated procedure guide to this policy. The regulations themselves can be found at [www.opsi.gov.uk](http://www.opsi.gov.uk).

### **2. Compliance with Standing Orders and Financial Regulations**

The Trust's procurement activities must comply with the Trust's existing Standing Orders and Financial Regulations. The relevant points are:

Estimated Value	Procurement Requirements
£0 to £2,000	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> </ul>
£2,001 to £5,000	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> <li>• Two written quotations</li> </ul>
£5,001 to £20,000	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> <li>• Three written quotations</li> </ul>
£20,001 to £50,000	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> <li>• Three written quotations plus Head of Service approval</li> </ul>
£50,001 +	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> <li>• Competitive tender with agreed Price-Quality Ratio</li> </ul>
EU Thresholds +	<ul style="list-style-type: none"> <li>• Adherence to authorised levels of expenditure</li> <li>• EU compliant competitive tender with agreed Price-Quality Ratio</li> </ul>

### **3. Consideration of the Cross Cutting Themes**

#### **Value for Money**

The Trust has developed a VFM Framework to support a Procurement Lead through a procurement project; ensuring that all elements of VFM are considered. The Trust expects the Procurement Lead to make a judgement call on what is the appropriate amount of time to spend on each element; the higher the estimated expenditure and the more strategic the procurement, the more in depth the preparation undertaken should be.

A VFM Statement can be written that captures the market and organisational contexts along with actions taken, decisions made and outcomes achieved. The intention is that at the next Audit Commission Inspection, the Trust can provide Inspectors with a library of VFM Statements and thereby demonstrate the Trust's approach to and achievement of VFM. The Trust expects the Procurement Lead to complete a VFM Statement for all those procurements selected by the Director of Resources.

#### **Diversity**

The application of the Trust's Diversity Policy is focused upon supporting the local community and its economy. (For the purposes of this policy, 'local' is defined as Halton Borough). The Trust can act in three ways; lowering barriers, realising direct impact and influencing others:

- Local organisations are often unaware of the opportunities to do business with the Trust and can also be effectively excluded from tenders as they are too small to deliver the full requirements. The Trust commits to '*lowering these barriers*' by ensuring that when seeking quotations at least one local company is included, by inviting at least one local company to take part in its tenders and by advertising its opportunities above a value of £50,000. Further the Trust commits to clearly thinking

through the design of its tenders to enable where possible local companies to compete; for example by dividing its needs into small enough 'lots'.

- The Trust can achieve *direct impact* by committing a % of any savings achieved in its larger value procurements to a Community Fund; this would be administered by the Customer Involvement Manager and Team. Further, the Trust can include local employment, local apprenticeships and the use of local subcontractors within a specification.
- The Trust can *influence others* to achieve a high standard of Equality & Diversity practice by choosing only to work with suppliers that already achieve a standard equal to our own or suppliers that commit to achieving this standard with our support. Further, the Trust commits to monitoring and supporting its top 50 suppliers as determined by levels of expenditure, level of customer and employee contact and strategic importance. If a supplier refuses to take part in the Trust's Diversity monitoring or refuses to improve its practices, the Trust may choose not to use that supplier again. This is at the discretion of the Trust's EMT.

### **Customer Involvement**

There is a risk that by not conducting meaningful consultation with our Customers, the Trust could procure works, goods or services that it thinks its Customers want or need whilst the reality is they actually want or need something completely different.

The Trust commits to undertaking an appropriate level of customer consultation for the level of expenditure and the level of strategic importance of the procurement being considered.

It is important that customers are involved within appropriate procurement exercises; those that are directly touching upon the customer experience and those of high levels of expenditure and strategic importance. The Trust commits to involving its customers in appropriate procurement activities.

During the Trust's annual planning period, Heads of Service are tasked to identify the procurements that will be undertaken during the 18 month period starting from the start of the new financial year. Heads of Service will appoint Procurement Leads. It is the responsibility of the Procurement Leads to seek advice from the Customer Involvement Manager who will act as a critical friend. The onus is firmly upon the Procurement Lead to:

- Identify those procurements where customer consultation is appropriate
- Identify the appropriate type and level of consultation
- Identify those procurements that should involve customers
- Identify the appropriate level of customer to be involved; customer board member, trained customer or untrained customer

#### **4. Terms & Conditions**

It is important to have in place an appropriate set of Terms & Conditions to cover a purchase, contract or agreement. It is the responsibility of the Procurement Lead to identify the most suitable option for the works, service or supply in question. The options are:

- Standard Terms & Conditions - either the supplier's (approved by Head of Service) or the Trust's
- Terms & Conditions combined with Service Level Agreement
- Standard Form of Contract
- Bespoke Form of Contract

#### **5. Evidencing Procurement Activities**

It is the responsibility of the purchaser or Procurement Lead to document all procurement activities. Procurement documentation must be stored electronically and clearly labelled. This is to facilitate Internal and External Auditors.

#### **6. Auditing of Contracts Let**

The Internal Auditors will conduct an audit of contracts let.

#### **7. Contracts Register**

The Trust will maintain a Contracts Register to aid the procurement process. This will be a register of all past and current formal agreements that the Trust has made with suppliers of works, supplies and services. The Contracts Register will be held by the Governance Officer. The accuracy and currency of the information held is the responsibility of the SMT and EMT.

### **Service Standards**

Because this Policy covers all service areas, no specific standards have been developed yet. However it is intended that service standards will be developed with employees, customers, stakeholders and partners during the implementation of this Policy.

### **Performance Measures / Monitoring**

The monitoring of suppliers and their performance against pre identified Key Performance Indicators (KPIs) is to be undertaken by the employee that 'owns' that works, service or good. This can be anyone in the organisation; including members of the Executive and Senior Management Teams and departmental employees responsible for a specific area of the business.

The Trust implements an internal Supplier Performance Management System (SPMS) where monitoring takes the form of regular internal meetings with those employees involved in the delivery of that works, service or good and a formal schedule of meetings with the sub contractor.

Whilst the backbone of the system is the KPI data, the benefit of the SPMS framework is the promotion of regular dialogue between all interested parties, culminating in monthly Performance Review meetings with the supplier that will include a discussion of areas of under performance.

The table below summarises the framework requirements:

What	Who	When	Outcome
Collect KPI data	Owner	Monthly	KPIs all on one page
First level of dialogue	Owner with team of interested parties	Monthly	Action plan to improve performance
Second level of dialogue	Owner with Line Manager	Monthly	Confirmed action plan
Third level of dialogue	Owner with Supplier	Monthly	Supplier owns the action plan

## Consultation

This policy has been considered by the Trust’s Customer Forum. Feedback was gained and incorporated.

## Benchmark Analysis

Any review undertaken will look to ensure that the policy continues to operate in line with best practice and that service improvements are made and implemented.

## Regulatory and/or Legal Compliance

### Regulatory Compliance

The former Housing Corporation’s Regulatory Code and guidance has been adopted by its successor, the Tenants Services Authority (TSA), until such time as the TSA has developed and published its own regulatory standards. Within the existing code, the following points are made:

- Regulatory Code 3.3 “Housing associations must aim to deliver continuous improvements and value for money in their services:

- 3.3.1” using Best Value techniques, challenging what they do and how they do it, making comparisons with others, consulting people affected by their services and establishing whether they are providing the service, either directly or through a third party, at competitive standards and prices.”
- Regulatory Guidance 1.1d – “Financial policies and procedures are evident. They ensure that the governing body has sufficient and timely financial information to inform its decision making processes.”
- Regulatory Guidance 2.7c (vii) Employment performance of suppliers, contractors and consultants: as a criterion for award of work or contracts and a condition of doing business, associations should pass on requirements in respect of staffing, customer satisfaction and dealing with racial harassment (set out above) to their consultants, contractors and suppliers.

### **Legal Compliance**

The main legislation that governs the Trust’s procurement activities is the EU Procurement Rules comprised in EU Directive 2005/75/EC, translated into English law by the Public Contracts Regulations 2006.

### **KLOEs affected**

Within the Audit Commission’s Housing Inspectorate KLOE on Value for Money, it states that in an organisation providing an excellent service: *“Procurement decisions for all aspects of service delivery are taken on an objective basis, using a transparent procurement framework. The framework includes a comprehensive dialogue with a range of existing and potential service providers, and fully involves customers throughout the process.”*

It goes on to say that: *“The organisation’s VFM and procurement principles are fully embedded within the service/organisation’s core service aims and objectives. These are clearly articulated within the service planning framework and fully applied across all service areas.”*

### **Diversity Considerations**

Diversity considerations have been covered earlier in this document. This policy has also been subject to an Equality Impact Assessment.

### **Links to Strategies, Procedures and Associated Documents**

- Procurement Strategy
- Value for Money Strategy
- Asset Management Strategy & Framework

- Finance Strategy
- Standing Orders and Financial Regulations
- Diversity Policy

## **Business Impact**

If any procurement exercise is carried out using the approach advocated in this Policy, it will make service delivery more efficient, lead to savings being achieved and have a positive impact on the Trust's Business Plan. It will also result in a better service being provided for customers.

## **Self Assessment Compliance Statement (SACS) Considerations**

It is not envisaged that this policy will have any impact on the SACs document or that any changes/amendments will be required.