



# Contract & Procurement Policy

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## **Introduction**

Empower Housing Association (EHA) seeks to procure services in a manner that not only complies with current legislation and best practice but also works creatively and collaboratively to support the economy. This Policy describes how EHA will purchase, or 'procure', goods and services.

The term 'procurement' as used in this Policy covers the process of purchasing the full range of goods and services we require, ranging from small items purchased from the petty cash float to large development and planned maintenance contracts awarded following a full tendering process.

## **Purpose**

This Policy establishes how EHA 's Board expects procurement related activity to be undertaken by the organisation.

## **Policy Objectives**

The objectives of this Policy are to ensure that EHA:

- Maximises its ability to benefit from aggregating the purchasing power of its procurement, recognising the need to achieve good value for money rather than simply cost savings;
- Employees are committed to effective procurement;
- Follows and complies with all statutory, regulatory and agreed best practice requirements;
- Ensures compliances with internal financial regulations, standing orders and Public Contract Regulations;
- Is transparent and fair in all its procurement activity

## **Governance Framework**

All procurement activities will be in line with:

- UK Procurement Legislation
- EHA's governance requirements for procurement, financial and other internal regulations and procedures
- Functional or specific customer requirements

## **Bribery Act 2010**

EHA acknowledges the provisions of the Bribery Act 2010 and aims to maintain compliance with this as part of its everyday business. This is particularly relevant with procuring works and services.

EHA will always carry out its business transparently and fairly and will operate a zero-tolerance policy towards bribery by its employees, Board members, contractors, agents and other associated persons.

## **Procurement Activities**

The main goods and services that will require to be procured by EHA are as follows:

- Small items of office supplies or other consumable products
- All office printing, stationery, postage, and other materials
- Trade materials used by the Maintenance Team
- Office furniture and equipment
- ICT equipment and 'back-up' services
- Maintenance contracts related to office-based equipment or services, e.g ICT equipment, fire and security alarm systems
- Maintenance contracts related property based equipment or services, e.g gas servicing/maintenance, specialist equipment, legionnaires assessments
- Professional services including internal auditors, external auditors, and management consultants employed on specific projects
- Contractors covering the full range of trades and professions

## **Corporate and Social Responsibility**

All procurement will:

- Be sustainable and support the delivery of high level customer service;
- Comply with Health & Safety requirements, EHA's Code of Conduct and other appropriate standards;
- Consider the use of small and medium sized enterprises to support local communities or determine how larger suppliers will contribute to the local economy;

- Be ethical and services supplied be based on good business principles;
- Require a social value offering and involve tenants in the process where applicable.

### **Diversity and Equality of Opportunity**

EHA expects all employees and approved suppliers to promote equality and diversity at all times. Individuals are treated fairly with dignity and respect regardless of their age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (includes colour, nationality and ethnic origins), religion and or belief, sex, sexual orientation, social or economic background, or any other inappropriate distinction.

A copy of EHA's Equality and Diversity Policy is available separately.

EHA will share with our suppliers any relevant information held relating to the risk from, or vulnerability of, our tenants in accordance with the General Data Protection Regulations.

EHA will consider the needs of all communities in the methods used for communication with tenants, employees and customers.

### **Expenditure**

Prior to committing EHA to any form of expenditure the following principles apply:

- The spend must be legal;
- Budget provision must exist or if there is no allocated budget, any spend must be approved by Senior Management.
- The decisions must be able to be justified in all respects;
- Any person involved in the procurement process must declare if they have an interest in accordance with EHA's Code of Conduct and remove themselves from the process if they are conflicted

### **Value for Money**

In all procurement activities we will aim to achieve the 'best value for money' in a sustainable manner by ensuring that, whenever appropriate, we assess quality, cost of sustainability. We recognise that the lowest cost will not necessarily be the best value in the longer term, particularly when the contract being procured has a high degree of service delivery.

We recognise the importance of sustainable procurement, and our duty to demonstrate that we are procuring in a manner that improves economic, social and environmental well being (this includes reduction of inequality) of the communities we operate in.

Sustainable procurement should be balanced with value for money and quality and needs to be proportionate to the risk involved in each individual procurement.

The specific procurement approach adopted will be based on the nature, scale and value of the contract being awarded.

In making procurement decisions we will also seek to contribute to maintaining and improving the environment, both by purchasing recycled 'environmentally friendly' fair and ethically traded goods and items whenever possible and/or by supporting suppliers or contractors whose values and production processes are environmentally positive.

### **Authority to Incur Expenditure**

Where the proposed expenditure is already included in the approved annual budget, the Board will delegate the authority to incur expenditure to the appropriate employee, as detailed in Appendix 1

Where the proposed expenditure is not included in the approved annual budget, either because it is an item or group of items not considered when the budget was drawn up or because the expenditure will result in an approved budget becoming overspent, virement will be permitted. This will be subject to prior written approval of the Chief Executive, provided that the additional expenditure does not exceed £25,000 and the total approved budget will not be exceeded.

When virement is proposed for sums in excess of £25,000 this will require the prior approval of the Board.

In circumstances of emergency expenditure may be incurred beyond authorisation levels by obtaining prior approval of the most senior member of staff on duty who will consult a member of the Board, if possible, before agreeing to any request. Any expenditure so incurred must be reported by the Chief Executive to the next Board meeting detailing how this expenditure will be financed.

The Board will review the levels of delegated authority annually to ensure that they remain relevant to current expenditure patterns, budgets and cost inflation, whilst ensuring that there are adequate financial controls for procurement at all levels.

### **Financial Limits**

Appendix 1 lays out the thresholds of contracts and methods of appropriate procurement.

The Board will review these financial limits annually, or earlier if the business requires it, to ensure that they remain appropriate for effective governance.

### **Obtaining Prices, Quotations and Tenders**

The summary table in Appendix 1 also sets out the different methods of obtaining prices, quotations and tenders that must be followed when procuring goods and services. These methods are based on the value of the procurement and show the acceptable procurement method and the necessary level of approval.

#### **Prices**

For items under the current cost limit which do not require quotations or tenders, the authorised employee will, where appropriate and/or possible, seek to check at least two alternative prices either by telephone, by accessing a current catalogue or price list, or by requesting details by email.

#### **Quotations**

Quotations may be requested either verbally or in writing. In either case, the authorised employee will ensure that sufficient detail is provided to those invited to quote to enable accurate, comparable quotes to be received.

#### **Tenders**

Following the development of the appropriate tender documentation, contractors will be invited to tender.

Reports on tenders and recommendations will be presented to the Board for approval prior to contracts being awarded. If there are time constraints, the Board may consider delegating authority to the Chief Executive to approve contracts up to a pre-approved level with a retrospective report presented to the Board at the next available meeting.

As outlined above some goods and services may be procured on a basis other than purely price, e.g quality and/or sustainability. Where this is the case, appropriate criteria and ratios will be agreed and be clearly set out for tenderers in advance.

#### **Negotiation**

Where it is proposed that contracts are procured through negotiation, there must be clear justification for doing so and the decision to enter into contracts based on negotiation must be approved at the appropriate level of authority.

#### **Contracts and Service Agreements**

EHA will procure certain services through contracts or service agreements for periods of one year or longer, where appropriate. Examples are contracts for the provision of lift maintenance, agreements for the servicing of specialist equipment within properties, gas servicing/landlord

certificates, service of office equipment, fire and security alarms. Threshold levels for the life of a contract as per Appendix 1 will apply.

### **Specialist Suppliers or Contractors**

Where there is only one specialist supplier or contractor for a particular item or service, EHA will seek to negotiate the most advantageous price and terms prior to placing an order or signing an agreement. details of the discussions held and the reasons for the final recommendations will be fully recorded and reported to the Board for approval should financial limits dictate that Board approval is required.

### **Other Methods of Procurement**

EHA will continually review our methods of procurement in order to achieve best value for money, meet our duty of sustainable procurement and to comply with current statutory regulation, Regulator of Social Housing guidance and 'good practice'.

We will seek to develop mutually beneficial tenant/supplier relationships, particularly with those local contractors and suppliers with which we wish to develop medium to long-term arrangements for the benefit of EHA.

### **Community Benefits**

EHA will ensure not only timely payment to contractors but will also make it a contractual requirement that main contractors who sub-contract any elements of their work also provide evidence of timely payment to their sub-contractors.

### **Repeat and Extended Contracts**

EHA is conscious of the time and cost that is involved in the procurement process, both from the company's point of view and that of the prospective tenderers. As a result, it seeks where feasible and within the boundaries of current procurement legislation and good practice, to develop a partnership approach with contractors and consultants. In this respect, successful completion of specific pieces of work may lead to the offer of further negotiated packages of working in the coming years.

The possibility, and maximum duration, or any such extension should be indicated in the original procurement process. In general, contract extensions should only be proposed where the cost lift is at or below inflation.

### **Procurement Strategy**

It is a requirement by law to produce a Procurement Strategy where, for the following year, it anticipates regulated procurements to amount to at least £5million.

Each year, EHA will assess its planned procurements for the coming year to establish if a Procurement Strategy is required, in line with legislative guidelines.

Where it is anticipated that there will be a statutory requirement for a Procurement Strategy, it will be developed in a timely manner, in line with good practice guidelines and presented to the Board for approval.

The company will work 'strategically' when approaching procurement to monitor levels based on the following:

- a) Establishing a clear plan of all reasonably anticipated procurements.
- b) Reporting at least quarterly to the Board on progress and budget versus actual cost comparisons.
- c) Take cognisance for each procurement of sustainable development issues relating to each procurement, an evaluation of the market capability and competitive environment, assessment of relevant risk factors and due consideration for appropriate contractual arrangements and pricing strategy.
- d) Ensuring that where deviations to the Procurement Policy are requested a clear, justifiable and auditable case is provided.

### **Monitoring and Review**

The Chief Executive is responsible for ensuring that this Policy, and the policies and procedure which support it, are followed by all Board members and employees involved in the procurement process.

The Chief Executive is responsible for ensuring that employees implement this Policy and the relevant procedures, when procuring goods and services.

On an annual basis, EHA will review the anticipated value of contracts that will be placed in the coming year to establish if an Annual Procurement Strategy and Procurement Report are required. This will also be an opportunity to establish if there is scope and benefit to developing a framework for suppliers.

This Policy will be reviewed thereafter every 3 years.



## Appendix 1

### Procurement Summary

Value (exc. VAT)	Primary Methods of Procurement	Approval
<£1,000	Approved suppliers schedule of rates/price lists	Budget holder
£1,000-£5,000	Suppliers' schedule of rates/price lists	Budget holder and Senior Management Team
£5,000-£10,000	Three quotes from approved suppliers	Senior Management Team
£10,000-£25,000	Three quotes from approved suppliers	Chief Executive
£25,000-£50,000	Three quotes from approved suppliers	Chief Executive and Board member involvement
£50,000-£181,303	Three quotes from approved suppliers	EHA Board
Services and supplies >£181,303	Three quotes from approved suppliers	EHA Board
Works >£181,303 >£4,551,413	Three quotes from approved suppliers	EHA Board
Works >£4,551,413	Three quotes from approved suppliers	EHA Board

### Notes

- a) *Employees may consider using a higher level of procurement method if it is deemed to be appropriate due to risk level of contract or if, for example, the company does not have knowledge of suppliers to invite to quote (e.g using full tendering for a project under £20,000)*
- b) *In all cases, a 'call off' from an appropriate framework to which EHA has access is acceptable.*
- c) *Budget holders will have scope where the budget holder deems is appropriate to use a price/quality assessment as part of any Tender via Public Sector Contracts & Tender Opportunities.*

### Equality Impact Assessment

#### Pre-EIA Questionnaire

This questionnaire is designed to identify if an Equality Impact Assessment is required. If the answer is yes to any of the questions, generally an EIA will be required:

Title of Policy:	Procurement Policy:	
Does the Policy affect tenants, employees or the wider community, and therefore potentially have a significant effect in terms of equality?		No
Is it a major Policy, significantly affecting how functions are delivered in terms of equality?		No
Does it relate to Policy areas or issues that previous consultation or involvement activities have identified as being important to particular protected groups?		No
Does it relate to an area of where EHA has identified a need to improve equality outcomes?		No
Does it relate to a Policy where there is significant potential for reducing inequalities or improving outcomes?		No
Is further action required?		No
If so, what action is required?		n/a
Is the action achievable?		n/a
Timescale for action?		n/a