

PROCUREMENT POLICY AND STANDING ORDERS

Report of the Director & Company Secretary

1. SUMMARY

To consider amendments to the Procurement Strategy, Policy and Standing Orders.

2. RECOMMENDATION

1. To recommend to the Board the proposed changes to the Procurement Strategy and Policy.
2. To note the revised Standing Orders as approved by the Board on 29 May 2014.

3. MATTER FOR CONSIDERATION

- 3.1 A review of the suite of Procurement documents has been carried out. At the Board meeting on 29 May the Board agreed the following changes to the Procurement Standing Orders:

1. Discretion around quotations to allow one quote up to £10,000 and 3 quotes to £50,000 with the approval of the Head of Service.
The current standing orders require one quote up to £5,000, and three quotes up to £30,000.
2. Heads of Service responsible for approvals and other matters to replace Lead Officer for Procurement.
This elevates authority and ensures greater accountability for Heads of Service in procurement processes. They will still be required to consult the Lead Officer for Procurement in the process.
3. Introduction of standard forms for use by Authorised Employees.
This is intended to standardise and simplify the process.
4. To require all contract waivers to be reported to the Board. *(Previously RRR Committee).*

- 3.2 The Board approved the minor amendments with immediate effect and agreed to receive a report at the next Governance Services Committee detailing a full 'tracked change' document for further discussion and consideration of future areas of delegation.

- 3.3 The tracked changed Standing Orders document is attached at Appendix 1.
- 3.4 Some minor amendments and general tidying up of the Procurement Strategy and Policy has been carried out and the two documents have been combined into one policy document. The amendments are shown with tracked changes in Appendix 2.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The changes proposed do not have financial or business plan implications.

5. COUNCIL IMPLICATIONS

For Council procurements, the Council's Contract Procedure Rules will prevail. These rules will have no implications for the Council.

6. ENVIRONMENTAL IMPLICATIONS

Procurement can have an impact on the environment and the changes to the procurement rules place a direct responsibility on any authorised employee within the organisation to consider the implications of procurement on the environment by following Derby Homes environmental policy when carrying out procurement.

7. EQUALITIES IMPACT ASSESSMENT

Procurement can have an impact on equalities on both the service provider and customer receiving the service. The procurement rules place a direct responsibility on any authorised employee within the organisation to consider the implications of the procurement on equalities and ensure discrimination is eliminated by following Derby Homes' equalities policy.

8. HEALTH & SAFETY IMPLICATIONS

Procurement can have an impact on health and safety. The changes to the procurement rules place a direct responsibility on any authorised employee within the organisation to consider the implications of the procurement on health and safety and ensure all health and safety risks are appropriately managed by following the Derby Homes health and safety policy.

9. RISK IMPLICATIONS

Not to introduce these changes could have an impact on service delivery as minor procurements could be delayed in order to allow a more complex procurement process to be followed with little or no benefit.

10. POLICY REVIEW IMPLICATIONS

This is a key policy of Derby Homes and will be included in the Key Policy Review Schedule. In accordance with minute 10/51 this policy will be reviewed no later than 3 years from the date of this meeting.

The areas listed below have no implications directly arising from this report:

Consultation
Financial and Business Plan
Legal and Confidentiality

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information:

Supporting Information: Revised Procurement Standing Orders and Procurement Policy

Derby Homes

Procurement Standing Orders

Effective from ~~June 2013~~1 May ~~July 2014~~

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INTRODUCTION

This document is part of Derby Homes constitution and must be complied with at all times. Compliance with these rules is compulsory and not discretionary for all employees buying goods and/or services for Derby Homes.

Failure to anticipate the need for a procurement of any service, goods and/or works or to allow sufficient time for scrutiny and approval is not a reason to avoid good procurement practice and is not acceptable in law or by Derby Homes/

Where an employee is buying goods and/or services for Derby City Council, they must follow Derby City Council's, Contract Procedure Rules. A copy of Derby City Council's Contract Procedure Rules can be found on the Council's intranet under the heading of procurement.

These standing orders have 5 objectives:

1. To comply with the laws that governs the spending of public money.
2. To protect employees and individuals from undue criticism and wrongdoing.
3. To secure the best value for money.
4. Generate market competition.
5. Procure in an open and transparent manner.

The Lead Procurement Officer (LPO) is the custodian of the Procurement Standing Orders (PSO) and holds the responsibility for keeping them under review and issuing amendments to ensure the objectives above are met.

The LPO will advise on the interpretation of the PSO and how they shall be implemented. The LPO will have access to legal advice and guidance for all procurement matters.

These rules must be read in conjunction with Derby Homes' financial regulations and all other Derby Homes standing orders. The financial regulations and ~~all other Derby Homes~~ standing order documents can be found at the Derby Homes controlled documents site under Governance Arrangements.

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When carrying out a procurement on behalf of Derby Homes, the AE must take into account all other Derby Homes policies which include but are not limited to policies on:

- Health and Safety
- Environment
- Economic Sustainability
- Equality and diversity

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DEFINITIONS

Approved List

means a list of approved contractors and/or suppliers compiled by Derby Homes, Derby City Council or an external organisation and approved by the ~~Chief Executive or Director~~ Director of Derby Homes (DDH) CO & or Director & -Company Secretary of Derby Homes for use when selecting suppliers or service providers.

Authorised Employee
(AE)

means an employee of Derby Homes Limited to whom the Chief Officer has delegated authority under these rules.

Best Value

means evaluations that balance quality and cost considerations, and is achieved with regard to economy, efficiency, effectiveness, equal opportunities, and sustainable development.

Board

means the Board of ~~Non-Executive~~ Non-Executive Directors of Derby Homes.

Budget Manager

means the employee who is responsible for the budget for the relevant services or supply.

Business Processing
Team

means the team in Derby Homes responsible for the processing of orders and accounts payable.

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CEODDH

means the ~~Chief Executive, or~~ Director of Derby Homes Limited who has delegated responsibility from the Board, under these rules.

Contract File

means a record of all matters relating to a contract or procurement of services, works and / or goods.

Custody Employee

means an employee to whom the DDH CEO has delegated authority to be responsible for the custody, opening and recording of tenders.

Derby Homes

means Derby Homes Limited.

Design Contest

means a process where there is a significant design element (e.g. planning or architectural design).

EU Contract

means a contract caught by the full tendering requirements of Public Contracts Procurement Regulations 2006 or any amendment or re-enactment of these regulations.

Financial Regulations

means the parts of Derby Homes' governance documents relating to financial management.

Firm

means any individual, partnership or limited company, which Derby Homes Limited may procure works and/or services and/or goods from.

FOI

means the Freedom Of Information Act 2000 or any amendment or re-enactment of this act.

HOS

Means Head of Service, a senior manager within Derby Homes with overall responsibility for a specific area of

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	<u>service delivery.</u>
Legal Advisor	means any organization or individual engaged by Derby Homes to provide legal assistance and advice.
Lead Procurement Officer (LPO)	means an employee within Derby Homes who the <u>DDH Chief Officer</u> CEO has appointed to act and advise on all matters relating to procurement.
OJEU	means the Official Journal of the European Union.
PQQ	means Pre Qualification <u>Prequalification</u> Questionnaire.
Rules (PSO)	mean these Procurement Standing Orders.
SOD Scheme of Delegation	means the list that is compiled <u>Scheme of Delegation a list that is compiled</u> as required by these rules which identifies key individuals who can act in accordance with the rules.
<u>SMT</u>	<u>Means Senior Management Team, the group of HOS and senior officers within Derby Homes</u>
Works Contract	means a contract that involves constructing buildings, infrastructure, demolition, general building and civil engineering work, services and general completion work (e.g. joinery, decorating).

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COVERAGE AND COMPLIANCE

Every procurement undertaken on behalf of Derby Homes must comply with these rules.

The PSO require individual employees to be designated as:

- Lead Procurement Officer (LPO)
- ~~Category Manager (CM)~~
- Authorised Employee (AE)
- Custody Employee (CE)

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Employees designated to these roles must be defined in the ~~scheme of delegation~~SOD. These roles have specific responsibilities under the PSO and all designated employees must ensure they meet their obligations in full.

Anyone who is not an employee of Derby Homes but is authorised to carry out procurement activities on behalf of Derby Homes must comply with these rules.

Any contraventions and/or deviations from these rules will be reported to the SMT on a quarterly basis and to the Board on an annual basis. Following any contravention the LPO will review these rules and if necessary make amendments to the rules.

~~All contraventions of the PSO must be reported to the LPO as soon as possible after discovery. The LPO will advise the CEO, a Director or a member of the senior management team (whichever is appropriate) of the contravention. The LPO will also provide advice on the risk of the contravention, possible remedy for the contravention and action to prevent further contraventions.~~

~~Following any contravention the LPO will review the PSO and, if necessary make any amendments to prevent future infringements.~~

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PPR 1.0 EXCLUDED AREAS

1.1 The following categories of procurement are excluded from these PSO Use PF1).

- Contracts for the acquisition or lease of land and/or real estate
- Contracts for permanent or fixed term directly employed individuals
- Individual orders raised under the terms of an existing contract or agreement previously procured under the terms of these PSO
- Direct payments to individuals or organisations as a grant donation and/or for self-directed support
- Orders for work with utility companies where no reasonable alternative supplier or service provider is available.

1.2

Any employee arranging a procurement falling within the categories as defined above can do so and will not be obliged to notify the LPO.

~~The following categories of procurement are also excluded from these PSO.~~

- ~~• Orders for work with utility companies where no reasonable alternative supplier or service provider is available.~~
- ~~• Services to be delivered solely by a Derby City Council or Derby Homes in-house team.~~
- ~~• A declared emergency as defined by the Civil Contingencies Act 2004 and authorised by Derby Homes designated Emergency Planning Officer.~~
- ~~• Work or Services supplied under the terms of a service level agreement with Derby City Council or other public body.~~

~~Any employee arranging a procurement falling within the categories as defined above must notify the LPO before committing Derby Homes to any supplies of goods and/or services if possible and if not possible at the earliest opportunity thereafter.~~

~~The employee arranging such procurement must provide in details of how value for money will be achieved. If it is not possible to establish if value for money will be achieved the reason why this is the case must be recorded.~~

PPR 2.0

EXCEPTIONS AND WAIVERS

2.1

The PSO are mandatory and must be adhered to at all times. Nothing will be allowed to prevent good procurement practices from being adopted. No exceptions to these rules shall apply if they contravene any statutory or EU regulation.

No exceptions to these rules shall apply if they contravene any statutory or EU regulation.

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2.2

The LPO-HOS may approve and the CEO-DDH authorise exceptions from these rules if they are fully satisfied that the goods, works or services:

- can only be sold at a fixed price and no reasonable alternative is available

or

- the price is wholly controlled by an individual body and no reasonable alternative is available.

or

- the services and/or supplies ~~services and supplies~~ of a specialist nature or any other reason where there would be no other reasonable alternative. These could include but are not limited to:

- instruction of counsel
- medical experts
- legal advisers
- professional experts
- technical experts

- where it is in the interests of Derby Homes business operation to follow a different route of procurement to engage a supplier and/or service provider

- where it can be evidenced that any savings achieved by procurement would be eliminated by either
 - Set up costs
 - Change over and mobilisation costs
 - Cost of carrying out a procurement exercise

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2.3

In all cases where an exemption is requested the requesting employee must provide a waiver giving written details showing why they feel the exemption is necessary and if applicable show why no genuine competition is possible and/or why it is more cost effective not to follow these rules. (Use PF2)

2.4

~~Waivers will not be granted where genuine competition is considered to be available or the reason for not carrying out a competitive tendering exercise~~ is ~~are~~ viewed to be inadequate. For avoidance of doubt failure to plan appropriately and allow sufficient time for a procurement will not be an acceptable reason for a waiver to be granted.

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2.5

The Waiver must also provide details of the specific rules being waived, the expenditure that will be incurred as a result of the waiver, the time scale in which the waiver will remain in force and any risks and risk mitigation required

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by not following these rules.

2.6

All waivers must be approved by the LPO-HOS and authorised by the CEO DDH in writing before being actioned.

2.7

The LPO shall maintain a register of all waiver requests and the outcome of the request. A report of all waivers shall be submitted to the Resources, Remuneration and Regeneration Committee DDH annually.

2.8

A copy of each individual waiver must be placed in the relevant contract file by the employee-AE managing the procurement.

PPR 3.0

SCHEME OF DELEGATION

REGISTER OF EMPLOYEES /SCHEME OF DELEGATION

3.1

A register An SOD of employees with specific procurement responsibilities shall be created and maintained by the LPO

3.2

The register of employees-SODw will contain:

- The employees title and the employeesemployees' role within these rules.
- Maximum monetary value permitted to be authorised by an individual employee per order in total to one supplier.
- Maximum monetary value permitted to be authorised in total by an individual employee per year.

3.3

The register-SOD will also show which employees have are delegated authorised-authority to undertake the following activities on behalf of Derby Homes

3.4

- Entering into a contractGive approval to appoint a service provider.
- Receipt, custody and opening of tendersSign contracts on behalf of Derby Homes.

3.5

The register of employees / scheme ofSOD delegation will be authorised, signed and dated by the DDHCEO GChief Officer of Derby Homes. (See PF3)

The Head of Personnel will adviceadvise the LPO of any new posts created within Derby homes as soon as possible after appointment to the new post. This will allow the LPO to consider if changes are required to the SOD (Use PF4).The register of employees will be presented to the Resources, Remuneration and Regeneration Committee of Derby Homes annually who will inspect and review the document.

The Head of Personnel will advise the LPO of any new posts created within Derby Homes as soon as possible after agreement is reached to make an

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appointment to the new post. This will allow the LPO to add all new posts to the register of employees.

PPR 4.0

4.1 LEGAL REQUIREMENTS

All contracts will in all respects be governed by and interpreted in accordance with English Law and all parties shall submit to the exclusive jurisdiction of the English courts in all cases of conflict.

PPR 5.0

5.1 CONTRACT VALUE

Any employee authorised to conduct a procurement exercise must first estimate its value (Use PF5).

5.2

In calculating the value of the procurement the estimate must not be deliberately under estimated or sub-divide and must take into account:

- the full time scale of the agreement and not merely the annual spend.
- the wider Derby Homes requirement for the goods, works or services being procured.
- the costs that will be incurred should the contract be extended.

5.3

Where the estimated contract value exceeds £30,000, a contract file will be created and the estimated contract value recorded within it along with all calculations showing how the value has been established. The employee conducting the procurement will also notify the LPO that a procurement is about to commence and seek advice on:

- The estimated contract value.
- The type of contract.
- The practices and procedures to be adopted.

5.4

- (Use PF6)

The following procurement categories will be followed once the estimated contract value has been established:

5.5

- EU Procurements = All estimates over the EU threshold.
- Strategic Procurements = All estimates below EU threshold but above £30,000.
- Tactical Procurements = All estimates below £30,000.

5.6

EU monitory thresholds are set periodically by the EU and ratified by the UK Government. The AE must check with the LPO to ensure the correct and current EU threshold value is applied to the estimated contract value to establish the correct procedure to be followed.

Before undertaking any procurement over £30,000 the AE must first obtain approval to proceed with a procurement from the appropriate HOS. (Use PF6).

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~~The employee estimating the contract value must notify the LPO on all occasions where the final tender value exceeds the estimated contract value by more than 10% before making the award.~~

PPR 6.0

6.1 EU PROCUREMENTS

All procurements which exceed the current EU thresholds must fully conform to The Public Contracts Regulations 2006 ~~and subsequent amendments on Public Procurement.~~, re-enactment and/or subsequent amendments on public

6.2 procurement.

The AE conducting the procurement shall develop a plan which describes:

- ~~The type of procurement process to be adopted, systems of recording and processes and procedures to be followed~~The nature of the procurement.
- ~~Timescale for completing the procurement~~
- Resources available
- ~~The nature of the procurement~~Timescale for completing the procurement.
- ~~The evaluation criteria and how it will be applied~~
- How the procurement will be undertaken
- The type of procurement process to be adopted and systems of recording along with the processes and procedures to be followed.
- The evaluation criteria and how it will be applied
- The form of contract to be adopted
- Key risks and how they are intended to be managed and controlled

6.3

The LPO will provide the appropriate advice and guidance to the AE in developing the plan. Once the plan has been developed the AE shall obtain approval to proceed with the plan from the relevant HOS. (Use PF7)

6.4

~~Once the plan has been developed the AE shall develop all tender documents dependant on the type of procurement being adopted. Once approval is obtained the AE will then develop all tender documents and once the tender documents have been completed the AE will have the documents approved by the relevant HOS. (Use PF7)~~

6.5

~~Once the contract documents have been completed the AE will then publish all notices on the European Website in accordance with EU standards and directives. When the documents have been accepted the AE will~~

6.6

publish a notice on the European website in accordance with EU standards and directives.

Additional notices shall be placed locally to attract local suppliers. Details to be published shall include:

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PPR 7.0

- A short description
- The evaluation criteria
- How, where and to whom expressions of interest are to be submitted
- The closing date by which expressions of interest are to be received

7.1 STRATEGIC PROCUREMENTS

The AE will develop a procurement plan ~~based upon the appropriate Category Plan where one exists, which must include~~

~~The procurement plan will:~~

- ~~• Indicate the channels to market being adopted to access the most appropriate suppliers. The nature of the procurement.~~
 - ~~• Timescale for completing the procurement. Resources available~~
 - ~~• The nature of the procurement. How the procurement will be undertaken~~
 - ~~• The form of contract to be adopted. The type of procurement process to be adopted, systems of recording, processes and procedures to be followed.~~
- 7.2
- The evaluation criteria to be adopted and timescale for completion.
 - Key risks and how they are intended to be managed and controlled.

The LPO will provide the appropriate advice and guidance to the AE in developing the plan. Once the plan has been developed the AE shall obtain approval to proceed from the relevant HOS. (Use PF7)

~~Once the plan has been developed the AE shall develop all tender documents dependant on the type of procurement being adopted.~~

7.3 Tender documents will include:

Open tender Once approval has been obtained the AE will develop all tender documents which will include:

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- Detailed specification or brief.
- Evaluation criteria including how the criteria will be applied and recorded.
- Pre-qualification questionnaire (If appropriate)(Use PF32)

Restricted tender

- ~~• Pre-qualification questionnaire.~~
- ~~• Detailed specification or brief.~~
- ~~• Evaluation criteria including how the criteria will be applied and recorded.~~

7.4

Once the tender documents have been completed the AE will obtain approval

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PPR 8.0

of the documents from the relevant HOS before starting to procurement process. (Use PF7) either advertise for expressions of interest and invite all service providers responding:

- ~~to complete a PQQ if using the restricted process~~
 - ~~to provide a tender if using the open process~~
- or invite a minimum of four suitable service providers to tender.

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8.1

TACTICAL PROCUREMENTS

Tactical procurements will be divided into two categories:

Below £5,000 in value

8.2

Above £5,000 but below £30,000 in value

All tactical procurements below £5,000 will be subject to the AE compiling a short statement of requirements and obtaining a minimum of one e-mailed or written quotation prior to placing the order. If more than one quotation is obtained the organisation offering the best value for money shall be given the order.

8.3

All tactical purchases with an estimated value in excess of £5,000 but below £30,000 shall be subject to the AE compiling a statement of requirements or specification, identifying a minimum of three suitable potential suppliers/service providers, and obtaining a minimum of three written quotations. For all tactical purchases over £5,000 the supplier/service provider offering the best value for money will be given the order.

8.4

The AE undertaking the procurement must record and retain all quotations in relation to the procurement for a minimum of 12 months. All orders must be placed using an official purchase order and be subject to Derby Homes' terms and conditions.

8.5

The opening of quotations should take place with not less than two employees of Derby Homes. Arrangements for receiving, storing and opening must be arranged by the employee requesting quotations. The receipt and storing of quotations should be with an employee unconnected with the procurement. The opening should take place with not less than two employees of Derby

Homes. All returned tenders must be ~~opened~~ opened all at the same time and at the same location.

8.6

Where the AE is recommending the appointment of a Service provider other than the lowest price quotation approval must be obtained from the appropriate HOS before making the appointment. (Use PF8)

8.7

In cases where the works, services and/or supplies are of an urgent nature of required to achieve service delivery for Derby Homes and it is not possible to carry out a tactical or strategic procurement in accordance with these rules a member of the SMT may authorise a variation as follows:

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A single quote can be approved for a procurement with a value between £5,000 and £10,000.

Three quotes can be approved for a procurement with a value between £30,000 and £50,000.

A written record of the approval and reason for it must be kept on file use (Use PF9).

CATEGORY PLANS

~~The LPO in consultation with the Principal Accountant will review all annual spends and divide into categories where appropriate. The LPO will then nominate a Category Manager to each category.~~

~~The Category Manager will establish a category plan in collaboration with the LPO. The plan will state the scope of the category; describe the key trends and appropriate channels to market e.g. frameworks, collaborative procurement arrangements. Once complete the Category Manager will appoint an Authorised Employee to conduct the procurement.~~

~~The Category Manager shall communicate the Category Plan to all appropriate employees within Derby Homes and will advise on its interpretation when required.~~

PPR 9.0

9.1

SUBMISSION CUSTODY AND OPENING OF TENDERS

If these rules require an invitation to tender the invitation must clearly advise the tenderers that:

- The tender must be returned in a plain unmarked envelope with only the labelling provided by Derby Homes being clearly visible on the envelope.
- The tender envelopes will be firmly sealed and either returned by post or hand delivered.
- No tender received after the date and time for the receipt of tenders will be considered. (The only exception will be if it can be proved that the tender documents were at or in Derby Homes offices on or before the date and time for the receipt of tenders and the delay was outside the control of the tenderer).
- Proof of posting will not be accepted as proof that the tender documents were delivered.

9.2

9.3

The AE inviting tenders must make arrangements for the receipt, custody and opening of tenders. A CE must be nominated for this purpose and the LPO will advise who would be best placed to act as CE.

9.4

All returned tenders must be marked with the time and date of receipt and passed immediately to the CE who will store them un-opened in a secure

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location until the date and time arranged for opening.

9.5 For all returned tenders the AE must make arrangements to open the submissions all at the same time in the presence of the CE and at least one other employee.

A written record of all tenders must be made at the time of opening and retained on the contract file. The record must contain:

- 9.6**
- Date and time of opening
 - Names of the employees present at the opening
 - Name of each supplier and its bid
(Use PF10)

The AE must sign after the last ~~suppliers~~supplier's entry to prevent any further records being added.

9.7 A copy of the opening record must be placed on the individual contract file ~~and~~
a copy sent to the Lead Procurement Officer.

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All tenders other than late returned tenders must be opened:

- PPR 10.0**
- Only after the deadline set for return of submissions.
 - At the same time and place.

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10.1

TENDER EVALUATION

The tender evaluation criteria (evaluation plan) must be predetermined and listed in any notice of competition and/or invitation ~~and to~~ tender and/or documentation.

10.2 ~~The tender evaluation plan must be constructed in such a way that it ensures that consideration is given to all value issues. It should include and consider matters such as whole life costs, customer benefits and sustainability and not be restricted to lowest price unless it is appropriate to do so. Where the tender evaluation is other than the lowest price the evaluation plan must be constructed in such a way that it ensures consideration is given to all most~~

10.3 economically advantageous issues. It should include and consider matters such as whole life costs, etc.

10.4 All tenders must be evaluated in accordance with the published evaluation plan and all evaluation scoring must be retained on the contract file for future reference.

10.5 If references are to be requested please use PF31.

10.6 The evaluation plan and criteria must be strictly observed at all times throughout the procurement process by all employees involved in the procurement. In all cases the AE and/or evaluation team must accept the tender which delivers the best possible value for Derby Homes.

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Where a contract is to be awarded based on the most economically advantageous ~~basistender~~ a tender evaluation panel (TEP) must be established.

10.7 ~~The TEP shall consist of the AE managing the procurement and at least one other employees of Derby Homes.~~

10.8 The TEP shall consist of the AE managing the procurement and at least two other employees of Derby Homes.

The TEP may also include advisors drawn from outside Derby Homes. Advisors may:

- 10.9**
- Participate in identifying priorities and goals for the tender.
 - Assist in defining requirements and contribute to the specification and/or brief.
 - Propose evaluation criteria.
 - Provide consultative support.

The advisor may not:

- 10.10**
- Participate in any decision making process.
 - View submitted tenders.
 - Vote or give scores for tender evaluation.
 - Be party to any commercial aspects of the tender.

All advisors must sign a ~~non-disclosure~~non-disclosure agreement specific to the tender confirming confidentiality and disclosing any declarations of interest. (Use PF28).

10.11

The TEP will:

- 10.12**
- Agree tender and procurement strategy.
 - Evaluate and score PQQ and tender responses – not the advisor
 - Identify supplier offering best value for Derby Homes – not the advisor

Where a consortium procurement is to be used a TEP will not be necessary unless Derby Homes need to undertake a mini-competition to appoint from a framework agreement. Where a TEP is not established for a consortium agreement the evaluation guidance contained in section 31 must be followed.

PPR.11.0

11.1 AUTHORISATION TO ACCEPT QUOTATIONS, TENDERS AND SIGNING OF CONTRACTS

11.2 Authorisation to accept tenders and/or quotations must be sought from the appropriate delegated employee and budget holder prior to acceptance. For all quotations not requiring a contract an official order must be raised. (Use

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PF11).

Once authorisation is given to accept a tender and the appropriate standstill period has been observed a contract must be compiled for signing. This must be a standard form of contract where one is available or Derby Homes' standard form of contract if not or if a bespoke contract is required the LPO must be consulted prior to compiling the contract.

11.3 Contracts may only be signed by the appropriate employee as listed in the SOD at the appropriate level

PPR 12.0 The AE must ensure the contract register is updated and the signed contract provided to the LPO within one month of the appointment.

12.1

STANDSTILL PERIOD AND AWARD

12.2 All tenders must be evaluated against the original evaluation criteria which documents how value for money will be established. The AE must in all cases record on the contract file the reasons for selection and rejection of each individual tender along with authorisation to spend and appoint. (Use PF11)

All procurements must have at least three returned bids that can be effectively evaluated to ensure value for money will be achieved if the appointment is made. If less than three quotations or tenders are returned or if less than three quotations or tenders can be effectively evaluated then the LPO must be consulted on how best to proceed before making any award.

12.3

Upon award of the contract a supplier information form must be completed by the successful supplier and passed to Derby Homes, Business Processing Team so that an account can be established for orders and payments to be made.

12.4

Standstill periods for EU procurements

Standstill periods for EU procurements are specifically governed by the European procurement rules. A standstill period of at least ten working days must elapse between

- The date of despatch of notification to award sent to all tenderers and
- The date at which Derby Homes intend to enter into the contract with the successful supplier.

12.5

The AE must write or e-mail to all suppliers invited to tender notifying them of the decision and intention to award. The AE must provide:

- The Award Criteria.

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- The name of the Service Provider to be awarded the contract.
- The price submitted or the score obtained by the Service Provider which is to receive the notice.
- The price submitted or score obtained by the Service Provider to be awarded the contract
- ~~The score obtained by the operator which is to receive the notice~~
- ~~The score obtained by the operator to be awarded the contract~~
- ~~The name of the operator to be awarded the contract~~

12.6

(Use PF12 and 12A as appropriate)

12.7

~~the name of the successful supplier and the evaluation outcome (score or cost whichever is appropriate for all tenderers)~~

12.8

No information other than that referred to above may be disclosed to tenderers or other external organisations.

12.9

If no challenges are ~~received~~ lodged the contract can be awarded after fifteen days from the despatch of the initial notification as described in 12.5. If a challenge is received the LPO must be immediately ~~consulted~~ notified.

12.10

The AE must send a contract award notice to the OJEU within 48 days of the decision to award the contract a copy of this notice must be retained on the contract file.

Standstill periods for all non-EU procurements

For all non EU procurements the AE must write or e-mail to all ~~suppliers invited~~ Service Providers invited to tender within 21 days of the ~~award of the contract detailing award of the contract giving details of~~ the outcome of the procurement process. This should include:

- The Award Criteria
- The name of the Service Provider to be awarded the contract
- The price submitted or the score obtained by the Service Provider which is to receive the notice
- The price submitted or the score obtained by the Service Provider to be awarded the contract

PPR 13.0

13.1

If a requested for feedback is made by an unsuccessful ~~tenderer, where a non EU procurement has taken place the AE~~ Service Provider ~~the for AE~~ must debrief them about their tender and the characteristics and relative advantages of the preferred ~~tenderer~~ Service Provider but must not disclose any additional information without the consent of the LPO.

CONTRACT EXTENSION

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Contracts may be extended with ~~approval of the LPO~~authorisation of a HOS
~~and the authorisation of the CEO prior to the conclusion of the contractor~~
~~above prior to the conclusion of the contract~~ provided that:

- The extension was offered as an option in the original contract document
- The extension is no more than two years duration
- ~~The extension is not greater than 50% of the original contract duration~~
- The extension is in accordance with the contract terms.
- ~~The performance and duties of the supplier are to a suitable standard~~
- Value for money is being obtained by extending the contract
- ~~Value for money is being obtained~~
- ~~The extension~~
(Use PF15).

13.2

~~A contract must not be extended without prior approval of the LPO and CEO and such approval must be recorded on the contract file. Contracts without an option to extend may be extended for a period of six months providing the cost of any extension will not exceed 50% of the original tender sum and a re-procurement process has started if the project will be required to continue after the six month extension ends or is a term contract. Re-procurement must have commenced prior to agreeing to extend the contract. Contracts can only be extended once under this arrangement.~~

13.3

PPR 14.0 A contract must not be extended without the authorisation of a HOS or above. Such approval must be recorded on the contract file (Use PF15).

APPROVED LISTS

14.1

~~Approved lists will not normally be established and maintained by Derby Homes. However in some instances approved lists may be an advantage for procurements within a particular category. This will usually be where regular and frequent demands for goods and/or services which cannot easily be put together and priced in a single tendering exercise are required. HOS may authorise the establishment and use of approval lists where the HOS feels it would be an advantage to do so for a particular category of procurement (Use PF16). This will usually be where regular and frequent demands for goods~~

14.2

~~and/or services are required which cannot easily be put together and priced in a single tendering exercise.~~

In such cases and where ~~the CMA~~ HOS feels it is appropriate to use an approved list in relation to a specific category ~~the approval of the LPO should be obtained to either:~~they can:

- Utilise an approved list created and maintained by an external organisation.

14.3

- Create and maintain an approved list for use by AE's within Derby

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Homes.

14.4 If ~~approval is given to create an approved list the CM~~ the HOS considers it appropriate to create an approval list the HOS will be responsible for establishing and maintaining such a list. Guidance on the factors to take into account when deciding if an approved list should be established, the format of the list and how to create and maintain it should be obtained from the LPO.

14.5 Approved lists cannot be used where the EU procedure rules apply.

The ~~HOS~~CM will be responsible for ensuring the vetting suppliers both at original formation of the list and also at regular intervals not greater than 12 months duration after compilation of the list. This vetting must establish the suppliers capability, economic profile, financial stability, technical competence, quality, managerial capacity, previous performance, sustainability practices and health and safety adherence. The ~~CM~~HOS will also ensure the list is regularly maintained and made available to ~~any employee~~AE who may require access to it.

PPR 15.0 ~~The LPO will have the discretion to instruct the use of known suitable approved lists with regard to a particular categories of works and/or services. To discharge this requirement the LPO may instruct the use of suitably and appropriately constructed lists created and maintained by other external organisations.~~

15.1

EMERGENCY PURCHASES

15.2 An emergency purchase may only be made outside normal business hours of 08.00 to 17.00 Monday to Friday and all day on Saturday's Sunday's and public holiday's where it can be demonstrated that the purchase is life or business critical.

15.3 In such instances a verbal purchase or hand written order may be communicated to the service provider and a formal purchase order created the following working day after the purchase. The ~~SMT~~LPO must be advised of any emergency purchases as soon as practical following its procurement. (Use PF17).

PPR 16.0 Any emergency purchase required during normal business hours of 08.00 and 17.00 must comply with these rules.

16.1

INSURANCES

16.2 The Insurance Claims Handler must be consulted to establish the appropriate level of insurance required for each ~~type of~~individual procurement. The AE conducting the procurement will be responsible for ensuring service providers and/or suppliers have the appropriate insurance in place. (Use PF29)

The AE must provide a copy of the service provider and/or suppliers current insurance certificate along with any relevant information to allow the Derby

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16.3 Homes, Insurance Claims Handler to establish that the insurance taken meets Derby Homes' requirements.

16.4 The AE must also ensure the Insurance Claims Handler receives copies of any renewal certificates throughout the life of the contract term.

PPR 17.0 The insurance and documents supplied must be confirmed as acceptable by the Insurance Claims Handler before any contract is entered into. [\(Use PF29\).](#)

17.1

FINANCIAL SECURITY

17.2 The employee conducting the procurement process must before making any appointment ensure the successful supplier and/or service provider is financially robust.

17.3 A financial risk assessment must be undertaken for services and/or goods contracts above the EU threshold, for works contracts over £1m and / or when the contract is deemed to be high operational risk by the AE.

Operational risk is - in the event of an organisation ceasing to trade during the contract period and:

- there is a limited number of alternative providers capable of taking on the contract promptly,
- or

17.4 • the implications of an organisation failing during the course of the contract term would create a material disruption to the service.

PPR 18.0 The financial risk assessment must show how any identified risks will be eliminated or reduced to an acceptable level. The financial risk assessment must be accepted and authorised by the Head of Finance before any contract with the supplier and/or service provider is entered into [\(Use PF18\).](#)

18.1

TERMS AND CONDITIONS

18.2 The LPO will be the custodian of the Derby Homes official terms and conditions (TC's). These TC's will be applied to all official orders for goods, works or services. The LPO will ensure they are fit for purpose. These terms and conditions will be applied to all orders where a formal contract is not in place.

18.3 The official Derby Homes terms and conditions must accompany the specification or brief on all quotations and shall be treated as an integral part of any agreement [\(Use PF19\).](#)

PPR 19.0 For all contracts and/or orders [above £5,000](#) the service provider and/or suppliers own terms and conditions must not be accepted without prior

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approval of the LPO.

19.1

MEETINGS WITH SUPPLIERS AND PRE-TENDER DISCUSSIONS

Meetings around the time of procurement with service providers who are likely to bid to supply goods and/or services to Derby Homes should be avoided if at all possible. ~~Where it is not avoidable advice should be sought from the LPO before holding any such meeting.~~ If the meeting must take place care should be taken to avoid giving or being seen to give an unfair advantage to that provider. To achieve this employees must ensure:

- The meeting has at least two Derby Homes employees present at all times
- The meeting is accurately minuted
- The procurement is not discussed

19.2

Where such meetings are to take place the employees of Derby Homes must make it clear to all representatives before the meeting commences that it would be inappropriate to discuss the current procurement and should any reference be made to the on-going procurement the meeting must be suspended.

19.3

~~Where a meeting needs to be suspended due to a supplier's reference to a current procurement the LPO must be informed.~~

The LPO-HOS may authorise pre-tender discussions with potential suppliers prior to the invitation to tender where the specification is complex and cannot be drawn up without input from the supplier(supplier (Use PF20)). Where approval is given to hold pre tender discussions the meeting must:

- Be in the presence of at least two Derby Homes employees
- ~~Express any requirement in the terms of the specific supplier~~
- ~~Ensure the meeting is accurately minuted~~
- Not lead the supplier to believe the information they give will result in them being awarded the contract

PPR 20.0

20.1

~~The meeting minutes must record who is present, all discussions, questions, answers and responses.~~

CONSULTANTS

Any consultant, contractor, supplier, organisation or individual employed by Derby Homes to undertake procurement activities on behalf of Derby Homes must comply strictly with these rules and produce appropriate records to confirm they have done so.

20.2

PPR 21.0

21.1

Where a consultant is being procured to work with or advise Derby Homes they must be procured in accordance with these rules.

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LEASEHOLDER CONSULTATION

Under Section 20 of the Landlord and Tenant Act 1985 Derby Homes must consult with the Council's leaseholders prior to starting a procurement and also at various stages throughout a procurement if the procurement contains any work or services that will affect a leaseholder. It is particularly important to undertake ~~this consultation if a portion of the costs of the work or services are~~this consultation if a portion of the costs of the work or services is to be recovered from the leaseholder(s).

21.2

21.3 When carrying out a procurement that requires leaseholder consultation the leaseholder manager must be informed prior to the start of the consultation (Use PF21).

The legislation requires consultation for two types of work:

21.4

- Qualifying Works
- Qualifying Long Term Agreements.

21.5

Qualifying works are defined as repairs, maintenance or improvement works to a building or any other premises that will cost more than £250 for any one leaseholder. Consultation must be undertaken when the proposed works exceed £250 per leaseholder. Failure to consult will result in cost recovery being restricted to no more than £250 for the works.

21.6

Qualifying Long Term Agreements are contracts entered into by Derby Homes with an independent service provider for a period of 12 months or more. Derby Homes are required to consult when the amount any one leaseholder is expected to pay exceeds £100 in any accounting period. Failure to consult will result in cost recovery being restricted to no more than £100 in any accounting period.

Consultation requirements for qualifying works include three stages:

A pre-tender consultation notice informing the leaseholder of intention to carry out works must be sent to each individual leaseholder 30 days prior to commencing any procurement work. During the consultation period leaseholders are invited to send in their written observations or nominate a service provider from whom you must seek an estimate tender. You must also take into account any observations received during the consultation period

~~A pre-tender consultation notice informing the leaseholder of intention to carry out~~
~~During the consultation period leaseholders are invited to send in their written observations or nominate a service provider from whom you must seek an estimate or tender. You must also take into account any observations received during the consultation period.~~

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21.7

A tender stage consultation notice must be sent to each individual leaseholder 30 days prior to awarding the works or services. You must provide at least two estimates for the completion of the proposed works. At least one of the estimates provided must be obtained from a service provider unconnected with Derby Homes, and where a leaseholder has nominated a service provider, then that service provider's estimate should also be provided. During the consultation period leaseholders are invited to send in their written observations to the estimates provided. You must also take into account any observations received during the consultation period.

21.8

A notification of the award of contract must be sent to each individual leaseholder following the award of the contract. No award notice is required if the chosen service provider is the lowest tender or a service provider nominated by a leaseholder. When issuing an award notice you must explain why the contract has been awarded and provide a summary of observations received in regards to the estimates and your response to them, or the notice must specify when and where these can be inspected

21.9

Consultation requirements for qualifying long term agreements include two stages:

21.10

A pre-tender stage consultation notice informing leaseholders of the intention to enter into a long term agreement must be sent to all individual leaseholders 30 days prior to starting a procurement. During the consultation period leaseholders are invited to nominate a service provider and send in their written observations. You must invite any nominated service provider to tender and have regard to any observations. Where the procurement falls within EU procurement rules Derby Homes are not required to invite leaseholders to nominate a service procurement

A notice of proposals to enter into a long term agreement must be sent to each individual leaseholder. The notice must provide details of the proposed service provider and any connections they have with Derby Homes, the anticipated length of the agreement and an estimate of costs. The notice has a 30 days consultation period during which leaseholders are invited to provide written observations. You must respond to any observations received within 21 days of the receipt of the leaseholder's observations.

PPR 22.0

22.1

DECLARATIONS OF INTEREST

All employees are required by their conditions of employment to declare any interests they have or feel they may have in a procurement activity. To achieve this all employees are required to complete a declaration of interest form with

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22.2 ~~any known or suspected interests (Use PF30). The LPO will arrange for all employees of Derby Homes to be sent a declaration form on an annual basis. All employees will be required to complete the form with any known or suspected interests over the forthcoming 12 months.~~

22.3 ~~Any conflicts ~~or of~~ interest will be passed to the appropriate HOS who will arrange for the avoidance of any conflicts.~~

22.4 ~~If any employee of Derby Homes becomes aware of any interest or conflict that may prejudice a procurement they must immediately contract the LPO HOS for advice.~~

PPR 23.0 Any consultant, contractor, supplier, organisation or individual employed by Derby Homes to undertake procurement ~~activates activities~~ on behalf of Derby Homes must also complete a declaration form. If any conflict or interest is established advise must be obtained from the LPO before proceeding. ~~(Use PF30).~~

23.1 ~~(Use PF30).~~

COLLUSIVE TENDERING CERTIFICATE

All tenderers must be sent and instructed to complete a collusive tendering certificate (CTC) ~~at the time of the tender~~. Failure to complete and/or return the completed CTC with the form of tender will result in the suppliers bid being rejected. ~~(Use PF22).~~

~~The CTC must clearly state that the tenderer or any agent or employee of the tenderer:~~

- PPR 24.0**
- ~~• Has not colluded with any person with regards to the amount of or submission or non-submission of any tender~~
 - ~~• Is not a member of any cartel or party to any agreement aimed at or having the effect of fixing or controlling prices~~
 - ~~• Has not offered or attempted to offer any reward or favour to Derby Homes, its employee(s) or agents for any advantage relating to the procurement and/or its award~~
- 24.1**

ALTERATIONS TO RECEIVED TENDERS

24.2 Post tender negotiations are ~~anti-competitive~~~~anti-competitive~~ and favour the supplier being engaged in such activity. It is the responsibility of the AE to ensure Derby Homes requirements are fully described in the specification and/or brief and understood before the tender documents are published.

24.3 Post tender negotiations are not permitted during the open or restricted tender process after the tender submission closing date except where an arithmetical error has been discovered before the tender is accepted.

Where an arithmetical error has been discovered the AE may at their discretion either:

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- Inform the supplier of the arithmetical error and give them the opportunity to either confirm without amendment or withdraw the tender

24.4 or

- Inform the supplier of the error and give them the opportunity to correct the error.

Whichever option is chosen the AE must record in the contract file the action taken and why. (Use PF23).

PPR 25.0 Where the negotiated procurement procedure or competitive dialogue procedure has been adopted alteration to tender documents may take place. However the final version of tender documents must be compiled before

25.1 requests for best and final offers and no alterations may take place after requests for best and final offers are made.

POST TENDER NEGOTIATIONS

25.2 Negotiations with tenderers after submission of a tender and before the award of a contract with a view to obtaining adjustments in price, delivery or content must only take place in exceptional circumstances and only after consultation with the LPO.

25.3 Any such negotiations must only take place with the supplier submitting the best tender, unless other tenders are close in value; in such a case other suppliers may be included in the negotiations, provided such inclusion is

25.4 approved by the LPO.

All negotiations must be conducted in the presence of at least two Derby Homes' employees, one of whom must be a senior manager HOS.

25.5 During negotiations tendered rates and prices must only be adjusted in response to a corresponding adjustment in service and/or delivery and /or quantity.

25.6 Any negotiations must not increase the final tendered sum above the next lowest tender value and where any negotiations result in fundamental changes in specification, contract terms and/or prices the contract must not be awarded but re-tendered.

PPR 26.0 Employees who carry out post tender negotiations must ensure they are accurately recorded and any changes in specification or price arising from

26.1 post tender negotiations are recorded in writing and signed by the supplier before the contract is awarded.

FREEDOM OF INFORMATION ACT (FIA)

The FIA provides a right of access to records and recorded information held by

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- PPR 27.0** Derby Homes. This includes all information about procurement and procurement activities. You must ensure that all parties involved in a procurement are advised that all information other than commercially sensitive information will be disclosed upon request.

RECORDS AND RETENTION OF DOCUMENTS

- 27.2** All original signed contracts above a value of £30,000 will be stored in a location managed by the LPO. All contracts must be catalogued and maintained with any amendments. The AE must ensure that any contract amendments are passed to the LPO as soon as practicable after agreement.

The contract register must contain:

- 27.3**
- Duration of the contract including start, completion and extension dates
 - Name of AE
 - Name of contract owner/manager if different from AE
 - Name of supplier
 - Brief description of the contract requirements
 - Value of contract

All contracts above £30,000 must have a contract file either electronic or hard copy which must hold all key procurement records including:

- 27.4**
- The invitation to tender or advertisement
 - The award criteria
 - If a shortlist was used details of how this was established
 - Any details of market testing prior to tender
 - Any tenders received
 - Records of waivers and/or exceptions
 - Reason for appointment
 - All tender communications
 - Details of any tender negotiations (including minutes)
 - Evaluation documentation
 - Notifications to tenderers
 - The signed Contract

- PPR 28.0** All contract files must be retained for a minimum of six years from the date of payment for the final account. All unsuccessful supplier bids must be retained for a minimum of 12 months after the appointment of the successful service provider providing that there are no disputes regarding the award.

SUSTAINABLE PROCUREMENTS

- 28.2** Derby Homes are committed to sustainable economic business development which minimises the impact on the environment and supports social cohesion. The four areas critical to meeting this goal are:

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28.3 • **Environmental Sustainability**

Purchasing goods, works and or services which minimise, where practically possible, the carbon footprint and encourages recycling resulting in a positive impact upon the local environment.

28.4 • **Economic Sustainability**

Recognition the importance of small and/or medium enterprises (SME's) to the local community and ensures every opportunity is made not to discriminate against SME's in the tendering process and recognising the value from local suppliers both to the environment and local economy.

28.5 • **Social Sustainability**

Ensuring that any procurement takes into account community wellbeing and also ensuring the supply chain take these issues into account and operate ethical working practices

28.6 • **Equalities**

Ensure any supplier or service provider meet Derby Homes standards of equality of employment and service delivery and also ensure the tender process is free from perceived discrimination in accordance with Derby Homes equality policy

The AE carrying out the procurement must ensure Derby Homes Sustainable Procurement requirements are clearly documented in the contract specification or contract brief document.

PPR 29.0

29.1 ~~Where the tender is a most economically advantageous tender the tender evaluation plan can take into account Derby Homes sustainable procurement requirements.~~

COLLABORATIVE PROCUREMENTS

Procurement law for collaborative procurements places legal responsibility for compliance with the organisation purchasing the supplies, services and/or goods. This means that if Derby Homes utilise a contract or framework procured by a purchasing consortium Derby Homes have a responsibility to ensure that the consortium has procured the contract legally. Any AE who intends to utilise any arrangement put in place by a consortium must satisfy themselves that the legal procurement process has been followed and that it is legally compliant with all procurement law (Use PF24).

29.2

BEST VALUE TEST

Before arranging to utilise a purchasing consortium the ~~Authorised Employee~~

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29.3 AE must carry out a best value test to ensure the use of the consortium is the best purchasing solution for Derby Homes. The evaluation should consider prices from other consortium and service providers who are able to provide the supplies, services, and/or goods. A minimum of two other service providers costs must be considered as part of the evaluation and only if the consortium provide the lowest price for the service, goods or supplies should they be considered for use. (Use PF25).

PPR 30.0 If other economical considerations mean that a consortium procurement would provide an advantageous solution for Derby Homes even though they do not provide the lowest price option after evaluation and the CM-AE feels it appropriate to use the consortium. The CM-AE must compile a waiver and submit to the (LPO)HOS for approval before proceeding with the utilisation use of the consortium. The waiver must take the best value evaluation figures and show how use of the consortium agreement will provide a financial benefit to Derby Homes.

CONSORTIUM CONTRACTS

PR 31.0 Before entering into a contract with an organisation procured through a consortium the AE must place on file:

- proof that compliance with procurement law has been followed.
- proof that the lowest price solution has been adopted or a waiver obtained
- the service providers insurance documents
- the service providers financial check information to show the company is financially stable

31.1

CONSORTIUM TENDER EVALUATION

When considering the use of a procurement either undertaken by or to be undertaken by a consortium the AE must ensure that one of the following is undertaken:

31.2

- Where the procurement is complete and the award has been made the AE must carry out a full review of the tender evaluation to ensure it complies with the tender evaluation plan and only if it does should consideration be given to utilising the arrangement.
- Where a procurement has not been concluded and the tender evaluation remains outstanding the AE should where possible be involved in the tender evaluation process and ensure the evaluation and award comply with the tender evaluation plan

PPR 32.0

32.1 Evidence of the evaluation and/or review must be kept on the contract file

CONSORTIUM FRAMEWORK AGREEMENTS

Framework agreements procured by a procurement consortium may be used if

- proof that compliance with procurement law has been followed is made

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available.

- proof that the lowest price solution has been adopted or a waiver obtained (As described in the Best Value Test described in section 29.2 above)

32.2 • Approval has been given by the LPO-HOS and CEO-DDH to utilise the framework.

(Use PF26)

If a framework agreement arranged by a procurement consortium is to be used and the above criteria are met the AE will be responsible for obtaining all documentation to meet the requirements of these rules including but not limited to

PPR 33.0

- the service providers insurance documents
- 33.1** • the service providers financial check information to show the company is financially stable.

FRAMEWORK AGREEMENTS

33.2

Framework agreements may be established for goods, services or works that are needed on a regular basis. Before seeking expressions of interest for a framework the LPO must authorise the framework procurement. (Use PF27).

Once approval is given for the framework to be established ~~by the LPO~~ advertisements must be placed for inclusion on the framework on the Source East Midlands web site and if the value of the works, services and/or goods exceeds the EU thresholds the advertisement must also be placed in the European Journal. Advertisements can also be placed in other media if it is felt that this would attract more market competition providing such advertisements are agreed with the LPOHOS.

33.3

33.4 Selection of organisations onto the framework must follow a tender process and be in accordance with these rules. The framework agreement must not exceed four years and all appointments to the framework must be approved by the LPO-HOS and ~~authorised by the CEO~~.

Where more than one service provider is appointed to deliver a service or supply goods under a framework agreement the EU rules state that a specific contract can be awarded

33.5

- By application of the terms laid down in the framework agreement without re-opening competition; or
- By re-opening competition between the operators which are a party to that framework

Any mini competition must be based on the criteria used to establish the framework and can include such things as technical expertise and capacity if these were part of the original criteria.

List of Standard Forms appended to these rules:

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These forms are not compulsory but are designed to assist employees in complying with these rules. It is the responsibility of each employee to ensure to ensure they comply with these rules at all times.

Form Number	Title	Clause number
PF1	Authorisation to exclude a requirement from compliance with the rules	
PF2	Authorisation to waive the rules	
PF3	Scheme of delegation (SOD)	
PF4	Notification of new employee	
PF5	Estimation of contract value	
PF6	Approval to proceed with procurement over £30,000 and notification to LPO	
PF7	Approval of procurement plan and tender documents	
PF8	Record of opening quotations and approval to appointment other than lowest	
PF9	Approval to extend quotation procedure to the higher limit	
PF10	Record of opened tenders	
PF11	Reason for selection and authorisation to accept quotations or tenders	
PF12	EU notification to award letter/e-mail	
PF12A	Un-successful EU tender letter	
PF14	Non-EU notification to award letter e-mail	
PF14A	Non EU un-successful tender letter	
PF15	Authorisation to extend a current contract	
PF16	Authorisation to establish and/or use an approved list	
PF17	Notification of an emergency purchase	
PF18	Financial risk assessment	
PF19	Official Derby Homes terms and conditions	
PF20	Authorisation of pre-tender discussions	
PF21	Notification of procurement to leaseholder manager	
PF22	Collusive tender certificate	
PF23	Record of adjusted tender	
PF24	Record of legality of collaborative procurements	
PF26	Approval to utilise a consortium framework	
PF25	Record of best value test	
PF27	Authorisation to establish a framework agreement	
PF28	Advisors non-disclosure/confidentiality from	
PF29	Request for insurance levels and approval of insurance cover	
PF30	Declaration of interest form	
PF31	Reference request form	
PF32	Standard pre-qualification questionnaire	

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Appendix 1

Derby Homes

Procurement ~~Strategy and~~ Policy

Introduction

Derby Homes is an Arms Length Management Organisation established in 2002 to manage Derby City Councils housing stock. The Organisation manages approximately 13,000 social housing units with an ~~over arching~~overarching corporate objective ~~to~~ "To deliver a high quality housing service for Derby~~secure the best future for Council housing tenants and services in Derby.~~"

Derby Homes ~~is~~are committed to ensuring effective procurement practices and processes are in place across the organisation. Failure to anticipate the need for a procurement of any service, goods and/or work, or to allow sufficient time for scrutiny and approval is not a reason to avoid good procurement practice and is not acceptable either in law or by Derby Homes.

Derby Homes' procurement objectives are to:

- Comply with the law that governs spending of public money
- Secure the best possible value for money
- Protect employees from undue criticism
- Carry out procurements in an open and transparent manner
- Generate market competition

This document sets out the guiding principles that will characterise procurement in Derby Homes. These principles are used to shape Derby Homes' procurement standing orders.

Legal implications

Derby Homes is a public body and is subject to public procurement regulations; it is also significantly influenced by UK government guidance. All procurement activity undertaken by Derby Homes must be in line with EU procurement regulations and English law. It is therefore appropriate to ensure the Derby Homes ~~p~~Procurement practices and procedures all comply with the aforementioned legislation.

Relationship with Derby City Council

-As part of its responsibilities Derby Homes, in certain circumstances, is required to procure goods and services on behalf of Derby City Council. Where this is the case, Derby Homes must observe the Council's rules on procurement. This document and related documents focus solely on procurements for Derby Homes.

Procurement

The national procurement strategy defines procurement as “the process of acquiring goods, works and services, covering both acquisitions from third parties and in house providers”

Procurement spans the whole cycle from identification of need through to the end of the service or the disposal of the asset. It involves important critical decisions that affect the ability to achieve value for money. This is achieved not only by choosing the bid that offers the lowest price but is a combination of price, service delivery and quality.

Strategic Importance

Given the previously relatively low level of procurement within Derby Homes, the policy strategy and management for procurement has not been a key focus area for the organisation. However, due to the increase in spend due to the incorporation of the repairs team within the organisation, Derby Homes' Board recognises that there is significant value to be derived from effective procurement and is committed to ensuring that there is a robust policy strategy and process in place to help Derby Homes deliver improved outcomes in line with the wider corporate strategy.

Procurement vision and objective

The Derby Homes vision for procurement is “to deliver an approach to procurement which ensures best value for the people of Derby and supports delivery of the positive social outcomes within the community”

Derby Homes pProcurement objectives are designed to support this vision and fall into 5 key areas:

- **Strong procurement leadership**

Procurement activity will be clearly linked to delivery of corporate aims and objectives.

- **Effective capability and capacity**

Team members undertaking procurement and managing suppliers will be appropriately trained and equipped. They will be able to carry out the initial

procurement and engagement of a service provider and manage them proactively post contract.

- **Robust processes**

Procurement processes and procedures will be clear, efficient and easy to use. Processes will ensure procurement activity on all occasions take into account the best value solution available when selecting any work, service and/or goods and will balance whole life cost against customer benefit in a manner that is open, transparent and supported with evidence wherever possible. The adoption of electronic procurement tools and techniques will be encouraged.

- **Ensuring value for money**

Procurement will be focussed on delivering and demonstrating value for money through a federated approach ~~and category management~~ using Derby Homes buying power to optimise sustainability and value for money. Where possible all collaborative procurement will be encouraged with local and regional procurement initiatives to realise value for money.

- **Delivery of positive outcomes**

Procurement will be focussed on delivering and/or supporting positive outcomes for the people of Derby.

Governance and leadership

The Board ~~and Resources, Remuneration and Regeneration Committee~~ of Derby Homes recognises the importance of procurement, ensure there is adequate ownership of procurement policies, practices and procedures and that the Director of Derby Homes and executive directors of the organisation are held accountable for risk, performance and value for money.

The Executive and Senior ~~M~~management ~~T~~eam will appoint a Lead Procurement Officer; define a strategy and infrastructure for day to day procurement decisions ~~and~~ ~~be~~. Be accountable for management of risk, value for money and performance.

The Head of Finance will be responsible for providing financial information to support the procurement practices and policy and for championing the procurement rules.

The Lead Procurement Officer will be the custodian of the procurement rules and all matters relating to procurement; along with the deployment of procurement practices, procedures and monitoring compliance with this policy and the procurement rules. The Lead Procurement Officer will provide a source of knowledge, advice and guidance and for maintaining standards and skills as well as being aware of Derby Homes' procurement activity and contractual landscape.

~~Category Managers~~ The Senior Management Team and Heads of Service Managers will understand the characteristics of the market for specific goods and services, be aware of and appreciate the total demand for those goods and services, develop and implement ~~category~~ plans, and monitor and report on performance and financial matters

Authorised Employees will be responsible for undertaking the procurement of goods and services designated to them by Head of Service ~~Category~~ Managers in line with the Procurement Rules

Federated procurement approach

Derby Homes recognise that although procurement has an important role to play in achieving corporate objectives, it is critical that the approach to procurement fits the scale and culture of the organisation. The level of procurement expenditure within Derby Homes does not justify the deployment of a full time professional procurement resource. In this regard Derby Homes has chosen to adopt a federated model for procurement designed to deliver the key outcomes:

- Strong and consistent leadership
- Clear control and process efficiencies
- Strategic spend management
- Delivery of a relative procurement infrastructure

The advantages of operating a federated approach are:

- Group wide perspective
- Procurement leadership
- Pooled experience
- Co-operative working
- Synergies captured
- Strong skills

- Control of standards and process
- Economies of scale
- Service driven contracts
- Responsive
- Local ownership

Derby Homes' procurement rules practices and procedures are shaped by the federated procurement model which focuses on leadership and delegated responsibility. For Derby Homes this is the most cost effective use of resources to ensure compliance with its procurement obligations set out above

Procurement Category management and responsibilities

As part of the federated model, Derby Homes has chosen to ensure the Senior Management Team and the Heads of Service Managers adopt a robust Category Management approach to procurement. When a Head of Service authorises a procurement, they will be responsible for ensuring the category of procurement they are authorising takes into account the wider requirements of the organisation to ensure economies of scale are maximised. Category Management has been identified as best practice across the public sector. This will deliver It is a structured approach which will ensure senior managers within the organisation seeks to identify key areas of expenditure and managing them to deliver a declared set of objectives. This approach combined with a federated infrastructure allows Derby Homes to ensure Head of Service Managers nominate Category Managers from within the existing teams have ensuring ownership of suppliers and outcomes without the need for significant additional resources.

Derby Homes' approach to Procurement Category Management is based around the following key steps which will be undertaken for all procurement strategic categories:

The Head of Service Managers Lead Procurement Officer will review the existing spend profiles and identify strategic categories and contracts. The focus of this review will be to identify categories and contracts that have a material impact on performance of the organisation against corporate objectives. The Head of Service Manager Lead Procurement Officer will then develop a procurement plan and nominate an Authorised Employee nominate Category Managers from within the

existing ~~service teams~~ to own the expenditure and be responsible for the ~~procurement development of a category plan.~~

Each ~~of the Head of Service Officer nominated Category Managers~~ will develop a ~~procurement category~~ plan for each area of responsibility. Plans should be commensurate with the size of spend and should consider the following factors:

- Category objectives linked to corporate objectives
- Value for money
- Type and state of market
- Leverage and economies of scale
- Procurement appropriate to category
- Value added service
- Process efficiency
- Sustainability

Once a ~~procurement category~~ plan has been developed an Authorised Employee will ~~be nominated to~~ carry out the procurement and appointment of a supplier and/or service provider.

Following appointment, together the ~~Head of Service Category~~ Manager and Authorised Employee will:

- Arrange for the contract register to be updated
- Deal with supplier performance issues
- Report performance to the Board of directors and/or its committees as appropriate
- Monitor performance and carry out regular reviews
- Implement and manage a system of financial management and control

Derby Homes also recognises that it has limited resources and needs to ensure that procurement does not become an unnecessary administrative burden on the organisation. To eliminate such burden, tactical spends which do not fall in to a strategic ~~procurement category~~ will be managed on a transactional basis by the employee identifying the business needs subject to budget approval. Spend of this type will be undertaken in line with the process identified in the Procurement Standing Orders.

Sustainable Procurement

Derby Homes recognises that procurement has a key role to play in delivering positive outcomes for the people of Derby.

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works in a way that achieves value for money on a whole life basis and also generates benefits not only for the organisation but also to the society and economy, while maximising environmental, social and economical opportunity.

As a social enterprise, a business or service with primarily social objectives, whose surpluses are principally reinvested in the community rather than being driven by the need to maximise profits for shareholders or owners, procurement is an effective way to benefit the local community.

Derby Homes will adopt procurement principles that ensure:

- The environment is protected
- Local business and community benefit whenever possible
- Discrimination is eliminated

Expected Impact

Through successful implementation of this policy we expect to achieve:

- New supplier agreements that introduce greater value for money
- Savings to be unlocked from existing and new suppliers
- Clear plans against which performance can be measured

Review Process

This procurement strategy and policy document will be reviewed bi-annually or earlier in line with changing business needs. The next review date is planned for July 2014.

Approved by:	Resources, Remuneration and Regeneration Committee on
Effective date:	

Review date:	31 July 2014 <u>2016</u>
Policy developed by:	The Lead Officer for Procurement
Associated documents:	Procurement Standing Orders