

# Procurement Policy



Directorate: Governance, Risk & Assurance

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## Document Information

### Scope:

In all its procurement activities, Salix Homes will aim to deliver value for money and the best overall outcomes to the benefit of both our internal clients and our customers. All procurement will be carried out in compliance with all government, legal and Salix Homes own regulations and policies.

This policy will support the overall Salix Corporate Plan and the Financial Regulations.

We will adopt the following general procurement principles:

- Compliant with EU Procurement Directives and other relevant legislation;
- All procurement carried out under a consistent framework;
- Procurement activities will take due consideration of:
  - Corporate Plan and Objectives; and
  - Financial Business Plan and Annual Budget.
- Optimise Value for Money and Social Value in all procurement activities;
- Maximise spending power by aggregating demand across the organisation;
- Determine the best route to market:
  - Our own procurement;
  - External frameworks; and
  - Collaboration with others.
- Provide visibility of:
  - Procurement governance;
  - Supplier performance; and
  - Benefits achieved.
- Maintain up-to-date contract records and develop a 3-year procurement plan;
- Raise awareness of correct procurement practices across the organisation; and
- Manage risks associated with procurement in line with our risk management strategy and ensure all procurement decisions take account of the relevant risks.

### Service Standards / Performance Measures / Corporate Strategy:

Salix operate a centralised procurement model with a dedicated procurement team setting the policy and procedures and reviewing its governance.

It is the responsibility of all colleagues carrying our procurement and/or contract management activities to understand and adhere to this policy and supporting procedures.

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The procurement and suppliers' performance will be measured by:

- A set of key performance indicators that will be agreed each year;
- Outcome of internal audits on procurement; and
- Performance of key suppliers against their contractual commitments.

**Risks:**

The key risks arising from non-adherence to this policy are:

- Fraud and malpractice;
- Reputational and financial damage;
- Failure to deliver against the business objectives (value for money and social value); and the suppliers' contractual commitments; and
- Supply chain failure and disruption to business operations and continuity.

Proposed mitigations to these risks through the proper application of this policy and supporting procedures are as follows:

- Providing training to all relevant personnel who carry out procurement and/or contract management;
- Procurement to provide governance and reporting against the adherence of the policy and procedures;
- Completion and approval of procurement project strategy and contract award reports for each key procurement project;
- Maintain up-to-date contracts register and 3-year procurement plan; and
- Periodic internal audits on procurement activities, ensuring all recommendations arising are swiftly implemented.

**Equality, Diversity and Inclusion:**

Salix Homes is committed to promoting and embedding a culture of equality, diversity and inclusion (EDI) within our workplaces and the communities we serve.

- Equality is about ensuring that every individual has an opportunity to make the most of their lives and talents;
- Diversity is recognising difference and responding positively to those differences; and
- Inclusion is about creating an environment where our services and employment opportunities are accessible to all.

We are committed to meeting our obligations and duties under the Equality Act 2010 and to promoting equal opportunities both in the provision of services and in our employment practices. We will consider all the protected characteristics of the Act which are:

- Age

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- Disability
- Gender reassignment
- Marriage and civil partnership
- Race
- Religion or belief
- Sex
- Sexual orientation
- Pregnancy and maternity

We also recognise that Socioeconomic background is an area where inequalities exist and commit to addressing this disadvantage and inequality in our communities where able to do so.

We are also mindful of our duties under the Public Sector Equality Duty, which is to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Where reasonable to do so, Salix Homes will make any reasonable adjustment to ensure compliance with the Act.

**Related Policy/Procedure & Documents:**

- Corporate Plan
- Financial Regulations
- Procurement Procedures
- Value for Money Strategy
- Social Value Policy
- Contracts Register
- Anti-Fraud and Anti-Money Laundering policy
- Health & Safety Policy
- Data Protection Policy
- Modern Slavery Statement
- Declarations of Interest
- Procurement Register

**Related Legislation / Relevant Regulation:**

Document Name: Procurement Policy  
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Document Information
<ul style="list-style-type: none"> <li>• EU Procurement Directives</li> <li>• The Health and Safety at Work Act 1974</li> <li>• The Data Protection Act 2018</li> <li>• The Freedom of Information Act 2000</li> <li>• The Bribery Act 2010</li> <li>• The Equality Act 2010</li> <li>• The Public Services (Social Value) Act 2012</li> <li>• Leasehold and Reform Act 2014 (section 20)</li> <li>• The Modern Slavery Act 2015</li> <li>• The Public Contracts Regulations 2015</li> <li>• RSH Regulatory Framework</li> </ul>
<b>Data Protection Impact Assessment (DPIA)</b> N/A
<b>Equality Impact Assessment (EIA)</b> N/A

## Introduction

This policy aims to provide clear direction and enable a coordinated strategic approach to procurement for Salix Homes.

The policy will ensure compliance with all legal and regulatory requirements and alignment to other Salix policies and procedures. Adherence to this policy will protect both Salix and its employees against fraud and malpractice, whilst supporting the delivery of the business objectives.

This policy will set out the guiding principles and strategic approach, with the detailed requirements set out in the Procurement Procedures document, which must be read in conjunction with this policy.

The policy applies to Salix Homes and its subsidiary companies, Salix Homes Developments Limited and Salix Living Limited.

This policy has been established to ensure a clear, consistent, and transparent application of best practice for all Salix’s procurement activity and to support colleagues in delivering this.

Salix Homes currently manages an annual expenditure on supplies, services and works in excess of £48m per annum. The way we manage our procurement and supply chain is critically important to our business, particularly in terms of the delivery of value for money for our customers, our reputation and our financial viability.

This policy therefore seeks to identify the procurement principles Salix Homes will adopt and outlines the overall strategic approach to be taken.

## Salix Homes Procurement Guide

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The underlying Procurement Guide must be fully adhered to. For the purposes of this policy, the following are mandatory, with more detail provided in the Procedures document:

- Consideration shall always be given to the use of an existing contract before undertaking any procurement activity.
- Before commencing with a competitive procurement, a total contract value must be established, and appropriate procurement procedure then followed and in line with the table set out in Appendix 1 – Procurement Procedure Controls.
- All procurement project strategies and contract award reports must be signed and approved where appropriate.
- Only in limited circumstances should a contract be awarded without the appropriate level of competition and in all such cases a non-compliance form should be completed, in advance of any contract award, and signed by the Strategic Procurement Manager and an Executive Director.
- All potential suppliers must first be assessed and approved before they can be authorised to provide supplies or services.
- For contract values exceeding £50k, tenders must be evaluated using the Most Economically Advantageous Tender (MEAT) route (the balance of quality and cost).
- Wherever possible, contracts awarded shall be subject to Salix Homes' standard terms and conditions.
- Existing contracts currently in operation may only be modified without a new procurement process in limited cases as outlined in the Procedures.
- All procurement must be fair, open and transparent.
- All procurement must consider the cost, quality, social value, and the sustainability impact.
- We must always select the most appropriate and compliant route to market to deliver the best outcomes for Salix and our customers, these routes are set out in the Procedures and include:
  - Salix own tender exercises or RFQ's.
  - Utilising Framework agreements.
  - Collaboration with other housing providers or relevant external parties.
- Contracts and commitments to contract with any supplier must be in line with budgets, the Financial Regulations and Delegation of Authority procedures.

## Customer Involvement

Where considered relevant, Salix will consult and involve our customers and other stakeholders for strategic procurement projects, this involvement may include supporting specifications and/or with the evaluation of the supplier tender responses.

## Contracts, Contract Management and Supplier Engagement

Consideration should be given to the proposed contract length when embarking on any new procurement exercise or when contracts have a natural break or are nearing the end of their term. Within the Procurement Procedure document guidance is provided with specific reference to the 'Supplier Segmentation' model.

Longer term contracts provide consistency for financial forecasting, can lever more favourable terms and give more time back to the business. However, short term tactical contracts may be appropriate, therefore the most appropriate term must be agreed by all stakeholders.

As part of the contract execution and ending of the procurement project all new suppliers must be onboarded and approved by completing the New Supplier Forms.

For all key procured contracts, provision of periodic (at least annual) contract reviews is mandatory. These shall be performed in accordance with the procedures in the Procurement Guide.

Salix must recognise that significant dependency on a supplier or supplier' dependency on Salix can create increased risk. Salix will therefore seek to limit this risk by ensuring any exposure is understood during the procurement process.

## Value for Money, Social Value and Sustainability

Salix Homes is fully committed to improving the economy, efficiency and effectiveness of all its procurement activities and will incorporate the principles defined in our Value for Money Strategy in all procurement activity

Value for money can be achieved by defining the optimum balance between price and quality, which may be different for each procurement exercise and should be assessed as part of the initial procurement business case. The Procurement Procedures contains a methodology to support this.

We will consider both social value and sustainability in all procurement activities, please see the Procurement Procedures for further detail. In particular:

- We will ensure both local, national small and medium enterprises, have the opportunity to compete for work alongside larger contractors. However, the achievement of, quality, operational efficiency and value for money on all such exercises is considered paramount.
- We will consider on every strategic project the social value that can be delivered from our preferred supplier(s) and their sustainability credentials and that of their supply chain.

## Probity (declarations, gifts and hospitality)

In general, all our procurement activities will be based upon business relationships and processes and not be reliant upon personal relationships.

Salix Homes has an Anti-Fraud and Corruption policy and Employee Code of Conduct which should be followed to ensure that all procurement activities are performed with the utmost

probity. If in doubt, the Chartered Institute of Purchasing and Supply's Code of Ethics should be followed.

Procurement exercises must be carried out by a 'team' of individuals (i.e. minimum of two employees, depending on size/complexity of the exercise), to reduce the possibility of accusations of bias or impropriety.

Colleagues involved in procurement must declare to their line manager and Procurement team any interest held by themselves, directly or indirectly, by partners or immediate family in any company which supplies or is being considered for the supply of goods, works or services to Salix, a Declaration of Interest form must also be completed.

Salix employees should not be influenced nor be in a position where they may be perceived to have been influenced by the receipt of gifts or hospitality. Any offer of a gift or hospitality must be declared to your line manager and the Procurement team and must be in line with financial regulations.

## Governance, Reporting and Visibility

Salix Homes shall ensure there is organisational transparency in our procurement activities and aggregated spend levels shall be visible through monthly management accounts, set against the approved budget headings. Any savings (or additional costs) arising from procurement activities shall be declared and used to assess the appropriate budget for the following year.

The Procurement team will monitor compliance of the policy and procedures and will provide reports at an agreed frequency.

Procurement will maintain an up-to-date Contracts Register. It is the requirement of all Contract Managers and Service Leads to provide the Procurement team with any changes to or new contracts.

Procurement will provide reports setting out the benefits achieved through procurement activities, spend by supplier for key/high value works and the ongoing suppliers' performance against their contractual commitments.

## Embedding Procurement

We will ensure that all elements of procurement are embedded into the organisation by:

- Publishing the Procurement Policy and Procurement Procedures on the intranet;
- Raising awareness of the need to comply with Salix procurement requirements and the risks arising from not doing so through governance reporting; and
- Provide procurement training for all employees involved in procurement activities.

### Appendix 1 – Procurement Procedure Controls

Procurement Procedure	Under £5k	>£5-50k	>£50k-FTS/OJEU	Above FTS/OJEU
Procurement Type	Min. 1 quote sought	Min. 3 bids sought	Electronic RFx/ITT, min. 3 bids sought	Formal FTS/OJEU Process
Method	Email, Salix quote template, service to ensure full audit trail	Quote template/Rfx, service to ensure full audit trail	Formal RFx/ITT by use of electronic tendering following Salix Procurement Procedure	Formal tender by use of electronic tendering, following Procurement Procedure
Project Owner & Lead	Service	Service / Procurement	Procurement	Procurement
Procurement Involvement	Informed	Advise / Support	Lead / Support	Lead
Project Strategy	n/a	n/a	Required	Required
Contract Award Report	n/a	Required over £25k	Required	Required
Contracts Finder	n/a	n/a	Procurement	Procurement - FTS/OJEU notice & contracts finder