Heritage Lab Ramsgate
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Heritage Lab CIC

Policy: **Procurement Policy**
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Effective procurement of goods and services is crucial to achieving value for money and essential to providing a high quality service to our supporters and beneficiaries. This Policy outlines our procurement process including strategy, rules for tendering and ordering items and services for employees.

1. Introduction

This policy covers all aspects of the procurement process including the procurement strategy, the rules relating to tendering and the ordering of items and services for employees of Heritage Lab CIC.

2. Who does this policy apply to?

This policy applies to: all staff, including permanent and temporary colleagues, as well as colleagues on fixed term contracts.

3. Procurement Strategy

The effective procurement of goods and service requirements is crucial to the achievement of our organisations aims and objectives. We will: Maximise the use of our own team, manage and support related activity across the organisation. The Finance Manager will also provide the central point of professional and procedural reference for all procurement and associated contractual activity. The Finance Manager or CEO will offer expert guidance on best practice to staff prior to submitting purchase order requests and contract management. Where appropriate follow a partnering approach in which both our organisation and the supplier seek to gain maximum mutual advantage through longer-term relationships and continuous improvement. For contracts greater than £50,000 in value, it will be normal practice to measure outcomes rather than inputs using agreed key performance indicators and contract management techniques. To ease the ordering process for the end user, procurement will set up contracts and/or frameworks for our organisation and publish a list of preferred suppliers for the end user to utilise. Where no such arrangements are available then any procurement should be undertaken via competition unless there are compelling reasons to the contrary.

4. Principles

Every purchase placed with a supplier or contractor will have an official purchase order accompanied by Terms and Conditions relating to the Supply of Goods or Services. Invoices received will only be paid against valid purchase orders. All purchases of goods and services that are in common use will have a framework/contract in place. The end user will pull off their requirement from this existing framework/contract. Where a supplier is obtained under a third party framework the provisions of the framework including the Terms and Conditions of Contract take precedence over the requirements of this Policy and Procedures document since they will have formed part of the tender evaluation carried out by the Procurement Team or framework owner. If no framework/contract exists, the end user is to use the Preferred Suppliers list at all times, which will be published on the intranet. If neither of the above exists, end users are to purchase locally, ensuring that best value for money is obtained at all times and the expenditure thresholds are adhered to as per 7.2. Ensure that in the purchasing of equipment, goods or services, Health and Safety obligations are incorporated and fully detailed in the Specification of Requirements. (Applies to all contracts.) Incorporate sustainability, equality and diversity, quality and safety as important criteria in the provision of all services procured. (Applies to all contracts.) Expect that all purchases take full account of ethical considerations and embrace equality and fairness requirements appropriate for a diverse workforce and community. Where appropriate consult with its staff in accordance with its established methods and ensure that the views of staff are considered when making procurement decisions that affect them.

5. Process Management

In managing the procurement process it is required that: Records and procedures are properly maintained, decisions are recorded and clear audit trails exist in order to ensure openness, propriety and probity. Resources relating to procurement will be kept under review as part of the Best Value cycle. The use of electronic and other means to reduce acquisition and transaction costs will be encouraged. The Finance Manager must retain all quotations or tenders for seven years.

6. Procurement Procedures

Each contract/purchase order will be authorised in accordance with the organisations delegated authority limits and shall comply with requirements of this Policy and Procedures document. A purchase order will be raised through the finance system - please see the finance process for further details. Before placing an order with a contractor for the execution of works or the supply of goods and services, the procurement team or authorised employee shall obtain an estimate of the probable cost of executing the work in a suitable manner and of any probable associated annual cost. No exception from any of the requirements of this Policy and Procedures document shall be allowed unless exceptional circumstances prevail.

7. Tendering and Framework Agreements

Where a framework agreement or preferred supplier does not exist the following expenditure thresholds and subsequent actions apply to aggregate expenditure. Where there is an on-going requirement for goods or services aggregate expenditure should be calculated over the life of the contract or four years whichever is the shortest. Purchasers should always be cognisant of any rules which funders might impose on procurement above and beyond those below. Where it is not possible to follow these procedures, CEO or Board approval should be sought.

7.1 Limits

7.1.1
£0 up to £1,999 – local purchasing delegated to the end user (the principles of Best Value apply. In addition, you must seek the best deal for Heritage Lab CIC and its funders, and where practical obtain two competitive quotations.

7.1.2
£2,000 to £4,999 – local purchasing delegated to the end user (the principles of Best Value apply. In addition, you must seek the best deal for Heritage Lab CIC and its funders, and obtain at least two & preferably 3 competitive quotations. A mini-competition may be considered.

7.1.3
£5,000 to £10,000 – You must seek CEO approval and seek the best deal for Heritage Lab CIC and its funders. You must obtain at least three quotes or undertake an informal tender exercise.

7.1.4
Above £10,000 – Conduct a full tender process, under the supervision of the CEO or finance manager.

7.2 Key Suppliers

7.2.1
Key Suppliers are those suppliers whose performance materially affects the ability of the organisation to deliver its Vision, Aims and Objectives and whose failure as an organisation could prevent the delivery of important services. The contracts register will identify key suppliers and the Finance Department will undertake annual financial assessments.

7.2.2
Procurement Team is responsible for: Producing a Mitigation Plan for each key supplier identifying what actions would be taken to ensure service continuity in the event of the failure of that supplier; Where we represent 33% of suppliers income, we are to Obtain a copy of the key supplier's Business Continuity Plan, Holding an annual review meeting (or more frequently if appropriate) to review contractual performance (including Service Level Agreements), the market position of the supplier, future developments of both parties etc. This document should be reviewed and updated annually or more frequently if required and held centrally in Procurement.

7.3 Invitation to Tender (ITT)

7.3.1
Each ITT will incorporate a pre-qualification questionnaire, to determine all potential supplier's financial standing over the last 2 years. If the supplier is not able to produce such statements, management accounts will be requested. The Finance Department will obtain a financial credit check.

7.3.2
Where the organisation is tendering under a government compliant framework the supplier will not be asked to provide a statement of accounts since their financial viability will have been assessed by the organisation setting up the framework.

7.4. Receipt and Opening of Tenders

7.4.1
Instructions for the receipt of quotations and tenders shall be contained in the invitation documents.

7.4.2
Hard copy of tenders are requested; they should be submitted in a plain sealed envelope bearing no identifying marks or information other than the words 'Tender for --------' followed by the subject to which it relates and 6 properly addressed to the designated person, namely Procurement Team. All hard copy tenders shall be endorsed with the date and time of receipt and shall be opened at one time in the presence of the Procurement Team who will complete and sign the relevant form.

7.5 Acceptance of Tenders

All tenders above £50,000 and over the contract life will be assessed based on the Most Economically Advantageous Tender (MEAT) where factors other than or in addition to price, such as quality, technical merit and running costs are taken into account. It may still be appropriate to use MEAT criteria to evaluate tenders under £50,000.

7.6 Contracts Requiring Stage Payments

Where stage payments are required the tender specification, contract and purchase order should explicitly state the timing of each stage payment and the deliverables related to each payment.

7.7 Contract Renewal or Extension

Where a contract is renewed or extended and the value exceeds £50,000 over the contract life the Finance Team will be asked to obtain a financial credit check to validate the procurement continuing. This applies to awards under frameworks. Contract renewals are to only take place once without going through a competitive process and will only be for a period of 12 months, unless advised by the CEO or finance manager.

7.9 Rules and Best Practice

In respect of the rules and best practice, the following apply:

7.9.1 The organisation has set and published standards for the conduct of employees and will require adherence to these at all times. In all dealings, those concerned with suppliers will ensure the highest standards of honesty, integrity, impartiality and objectivity. Refer to Bribery and Corruption Act 2010. Any person who does not comply will be subject to disciplinary action. Employees are encouraged to complete the Bribery Act module on STAR.

7.9.2 In dealing with suppliers and providers the organisation will ensure that there is an equal opportunity, for all who meet the stated criteria, to participate in the bidding for requirements. Whenever requested unsuccessful applicants will be provided with the reasons why, and unsuccessful bidders will be given feedback.

7.9.3 In appointing contractors, the team will appraise offers received on the basis of whole life costing and will seek an appropriate balance between cost and quality in the evaluation.

7.9.4 It is recognised that from time to time, for the benefit of effective business operations, that decisions may need to be taken out with the procedures outlined in this policy. Should this be deemed necessary, waiver approval should be obtained from either the CEO [or if the CEO requires permission] or Chair. It may also be necessary to obtain prior approval from the appropriate funding body.

7.9.5 Due to the nature of Heritage Lab CIC's work, there will also be times when it is necessary to deal with monopolies that preclude any competitive process. These include; UK National Power Networks, Open Reach, Southern Gas Networks etc. In such circumstances, a waiver is not required, but the finance manager should be notified.

7.10 Prevention of Bribery and Corruption

7.10.1
The organisation complies with all aspects of the Bribery and Corruption Act 2010. Any person who does not comply will be subject to disciplinary action. Employees are encouraged to complete the Bribery Act module.

7.10.2
Use of the Procurement Card

7.10.3
The use of the Procurement card will be governed by Purchasing Card Policy (to be reviewed)

This procurement policy will be reviewed at least once every two years to ensure that it remains relevant.