



PROCUREMENT POLICY

Policy Control

Policy reference	PR001
Department	Procurement
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Version	10.1
Reason for revision	Periodic/Governance Audit
Status	Final
Intended recipients	Staff group(s), Board and Suppliers
Training and dissemination	Controlled Documents, Training and DHNet
To be read in conjunction with (other policies)	Procurement Strategy Social Value Strategy Procurement Standing Orders
Document approved by Designation Date	Michael Kirk Executive Director of Finance 23.01.2023
Meeting approved Date	Derby Homes Board 26.01.2023
Implementation Date	27.01.2023
Review period	Triennial
Next review date	26.01.2026

1. SCOPE

The Derby Homes Board recognises there is significant value to be derived from effective Procurement, committed to ensuring a robust policy and processes are in place to help Derby Homes deliver improved outcomes in line with the wider corporate strategy.

This document sets out guiding principles characterising Procurement in Derby Homes, to be read alongside Derby Homes' Procurement Standing Orders and Procurement Strategy which define these in line with Public Procurement Regulations.

Derby Homes is a public body and subject to regulation, also significantly influenced by UK government guidance. All procurement activity undertaken by Derby Homes must be in line with Public Procurement Regulations and English law. It is therefore appropriate to ensure practices and procedures comply with legislation that governs spending of public money, to protect employees and individuals from undue criticism and wrongdoing, to procure in an open and transparent manner, and to generate market competition.

In certain circumstances, Derby Homes is required to procure on behalf of Derby City Council. Where this is the case, Derby Homes observe Derby City Council's Contract Procedure Rules.

2. AIM OF PROCUREMENT POLICY

Through successful implementation of this policy, we expect to achieve:

- 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
- Compliance with Derby Homes Procurement Standing Orders and Public Procurement Regulations

3. KEY TERMS AND DEFINITIONS

Authorised Employee - an employee of Derby Homes to whom the Head of Service has delegated some authority.

Contract Procedure Rules – the written rules which regulate the Procurement processes and procedures at Derby City Council.

Derby Homes - Derby Homes Ltd

Procurement – the process of acquiring goods, works and services, covering both acquisitions from third parties and in house providers. It spans the whole cycle from identification of need through to the end of requirement for the services and works or disposal of assets. It involves critical decisions to achieve the best possible value for money

Procurement Standing Orders – the written rules which regulate the Procurement processes and procedures at Derby Homes.

Public Procurement Regulations – legislation concerning purchasing, by public sector bodies and certain utility sector bodies, of contracts for goods, works and services, including, subject to amendment and / or replacement, the following:

- the Public Contracts Regulations 2015 (PCRs), which apply to public sector procurements
- the Utilities Contracts Regulations 2016 (UCRs), which apply to procurements involving certain regulated utility companies
- the Concessions Contracts Regulations 2016 (CCRs), which apply to procurement of concession contracts.

Social Value – an umbrella term describing wider social, economic, and environmental benefits derived from an organisation’s work activities, processes, practices, and culture, and how it purchases and commissions goods, works and services. The Social Value Act 2012 requires we generate social value through procurement processes and maximise the social value potential of our supply chain.

Supplier – the provider of our requirements also known as the Contractor or the Service Provider depending on contract type.

Value for Money - a combination of price, service delivery and quality, not necessarily lowest price.

Whole Life Cost - the total expense of procuring something over its entire life, from purchase to disposal, as determined by financial analysis (costs of change, initial costs such as implementation and delivery, operational costs such as support and maintenance, repair, and upgrade, and exit costs such as migration of data and disposal).

4. KEY RESPONSIBILITIES AND DUTIES

Derby Homes Board recognises the importance of Procurement to ensure adequate ownership of policies, practices, and procedures, and that the Director of Derby Homes and executive directors of the organisation are accountable for risk, performance, and value for money.

The Executive and Senior Management Team will appoint a Lead Procurement Officer (LPO) to define a strategy and infrastructure for day-to-day Procurement decisions and be responsible for assisting them with management of risk and value for money. The LPO will be custodian of all matters relating to Procurement, deploy Procurement practices, procedures, and monitor compliance with this policy and the Procurement Standing Orders. The LPO will provide knowledge, advice, and guidance to maintain standards and skills, and be aware of Derby Homes’ Procurement activity and contractual landscape.

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

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

Authorised Employees will be responsible for undertaking Procurement activity delegated to them by their Head of Service in line with the Procurement Standing Orders.

5. MONITORING COMPLIANCE AND EFFECTIVENESS

Derby Homes is committed to ensuring effective Procurement practices and processes are in place across the organisation.

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

Derby Homes recognises 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.

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 with delegated responsibilities
- Procurement leadership, control of standards and process
- Pooled experience and skills, and co-operative working
- Synergies captured
- Cost effective economies of scale
- Service driven contracts
- Responsive

As part of the federated model, Derby Homes has chosen to ensure the Senior Management Team and the Heads of Service adopt a robust management approach to Procurement.

When a Head of Service authorises a Procurement, they will be responsible for ensuring the category they are authorising considers the wider requirements of the organisation and ensures economies of scale

are maximised. This will ensure senior managers within the organisation identify key areas of expenditure and manage them to deliver a declared set of objectives. The Head of Service will have ownership of Suppliers and outcomes without need for additional resources. The Head of Service will review existing spend profiles and identify strategic categories and contracts, to identify those with a material impact on performance of the organisation against corporate objectives.

Each Head of Service will work with Procurement to develop a Procurement plan for each category within their area of responsibility. The Heads of Service will nominate Authorised Employees from within their service area to own related expenditure and be responsible for these Procurements. Plans should be commensurate with size of spend and consider:

- Corporate objectives
- Value for Money
- Type and state of market
- Leverage and economies of scale
- Procurement routes and process appropriate to category and efficiency
- Value added services including Social Value
- Sustainability

Once a Procurement plan has been developed, the Authorised Employees will source bidders with support from the Derby Homes Procurement team.

Following Supplier award, together the Head of Service and Authorised Employee will:

- Maintain a record of all matters relating to a contract or procurement of services, works and / or goods, including insurance
- Monitor performance and conduct regular reviews
- Deal with Supplier performance issues
- Implement and manage a system of financial management and control

With Derby Homes Procurement team, the Head of Service and Authorised Employee will:

- Arrange for the contract register to be up to date
- Arrange for a pipeline of anticipated procurements for the next 18 to 24 months
- Report performance to the Board and / or its committees as appropriate

Derby Homes recognises it has limited resources and needs to ensure Procurement does not create unnecessary administrative burden on the organisation. Tactical spends which do not form a strategic Procurement will be managed on a transactional basis by the Authorised Employee identifying business needs subject to budget approval, undertaking

spend in line with processes identified in the Procurement Standing Orders.

6. REFERENCES AND GLOSSARY

The Public Contracts Regulations 2015
Government Procurement Policy notes (for example)

- Procurement Policy Note 10/21 – Thresholds and Inclusion of VAT
- PPN 09/21: Requirements to publish on Contracts Finder