

<p>Procurement Policy Policy Owner: Director of Development Approved by: HFL Group Board & Subsidiary Boards Approval date: 25 February 2021 Current version number: v2 Next review date: February 2022</p>	
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1. Statement of Intent

- 1.1 Procurement is the process of securing works, goods, or services that the Homes for Lambeth group of companies ('HFL') requires to meet its business objectives. This policy relates to expenditure against HFL approved budgets only and should be read in conjunction with HFL's Financial Regulations.
- 1.2 The purpose of the policy is to:
- Set a best practice framework for procurement within HFL.
 - Drive value for money through the procurement activities and decisions that HFL undertakes.
 - Describe the procurement routes available.
- 1.3 HFL will monitor all procurement undertaken and review data annually to identify how the approach can be improved.

2. Scope of Policy

- 2.1 This policy covers the procurement of:
- Goods, supplies, equipment, and materials.
 - Construction and maintenance works.
 - Consultant services.
 - Any other service related to HFL's business.
- 2.2 The following expenditure of funds shall be excluded from the scope of this policy:
- Transactions relating to the purchase, lease, and sale of land.
 - Loan transactions.
 - Employment contracts.

3. Policy

Procurement Process

- 3.1 All procurement activity is expected to comply with approved business plans and budgets. The business plan is approved every three years by the Council with annual updates – it sets the framework for approved project activity for the 36-month period ahead. The Board of HFL approves annual budgets which detail the project and overhead spend for the following 12-month period. This framework includes active development projects, projects

at feasibility stage, research projects and operational activity. All procurement activity should relate to development projects and/or the operating budget approved by the Council in the form of the business plan.

- 3.2 HFL procurement activity will comply with the general principles of the Council's Procurement Board in that tendering processes will be utilised, approved frameworks will be adopted, and evaluation will always involve the Executive Team and will be duly recorded.
- 3.3 HFL will use a range of procurement routes to suit the needs of the goods or services being procured. The table below sets out the procurement approach that must be followed for procurements of differing types and values. The approach varies for procurements relating directly to development projects from operational costs; this is to reflect the higher level of costs associated with development projects.
- 3.4 The procurement levels are based on the total aggregate value of the contract/commitment i.e. the total cost relating to the goods or services. For lower value contracts, staff are also expected to consider the financial commitment over each rolling 12-month contract and to adopt the appropriate procurement approach. For example, contracted legal advice on a specific subject may be less than £20,000, with approval thresholds as per HFL Financial Regulations; however, if the expectation is that further legal advice will be sought on different subjects over the course of a 12-month period, then a tender process should be undertaken and three quotations should be sought from the outset.
- 3.5 Procurement policy requirements are as follows:

Total Aggregate Value	Procedure
Up to £20,000	One written quotation plus VFM/Benchmarking statement/business rationale.
Up to the prevailing OJEU threshold for capital works or services	Use of approved frameworks or tender process to obtain three written quotations.
Any amount over the prevailing OJEU thresholds for capital works or services	Use of approved frameworks or OJEU tender process.

For contract authorisations, please see the Financial Regulations.

4. Pre-Contract Considerations

- 4.1. Prior to launching a procurement process, staff may consult potential suppliers prior to the issue of the invitation to tender in general terms about the nature, level and standard of the supply, contract packaging and other relevant matters, provided this does not prejudice any potential candidate.
- 4.2. Insofar as is consistent with transparency and fairness of competition, contract

specifications and packaging should be informed by dialogue with market providers. This should include establishing that the market can offer the required deliverables within the proposed budget, and that services are parcelled in such a way as to optimise value for money without unnecessarily restricting competition.

- 4.3. Award criteria should be appropriate to the purchase and designed to secure an outcome giving value for money for HFL. The basic criteria shall be: a) 'Most economically advantageous', where considerations other than price also apply b) 'Lowest price' where payment is to be made by HFL c) 'Highest price' if payment is to be received by HFL. HFL must consider the social value (economic, environmental and social) outcomes associated with the procurement that is due to be undertaken and is applicable to procurements over £20,000.
- 4.4. HFL from time to time shall have the authority to utilise the resources of smaller providers for the benefit of the local economy which may bid for lower value procurement protocols up to and including a value of £100,000 subject to a formal value for money business case being presented and approved by the Executive Team of Directors for works / services that demonstrate substantial benefit for the activity of the business. These services shall be secured via the same process as noted in Clause 4.3 above.
- 4.5. HFL have the authority to apply 'Teckal' (in-house) to employing services directly to LBL which is an exemption under the Public Contracts Regulations 2015. This protocol is based on HFL being owned and controlled by the LBL, and the Council exercises a decisive influence over both the strategic objectives and significant decisions of HFL. More than 80% of HFL Homes' activities are carried out in the performance of tasks entrusted to it by the LBL / members of the HFL Group.
- 4.6. If the first criterion is adopted, it must be further defined by reference to sub-criteria which may refer only to relevant considerations. These must include price and quality of the goods and or services in addition to service, quality of goods, whole life costs, technical merit, previous experience, delivery date, cost effectiveness, quality, relevant environmental considerations, aesthetic and functional characteristics (including security and control features), safety, aftersales services, technical assistance and any other relevant matters.
- 4.7. Procurements should recognise that whole life costs may be more important than a cheap tender price, involving an assessment of the ongoing revenue/resource costs as well as initial capital investment.
- 4.8. Where reasonable, contractors should be required during the procurement process to demonstrate their track record in achieving value for money through effective use of their supply chain – including use of small and medium-sized enterprises. This should also be examined as part of the ongoing contract management. Contracts should require that prime contractors pay subcontractors on time and that when paying progress payments to prime contractors the payments flow down through the supply chain.
- 4.9. HFL shall adhere to HM Revenue & Customs (HMRC) requirements with reference to Domestic Reverse Charging of Value Added Tax (VAT) for Building & Construction

Services.

- 4.10. HFL shall be employing Contractors and Sub-Contractors to undertake their construction works and will therefore be in compliance with HMRC Construction Industry Scheme (CIS) in relation to the deduction of tax from the above suppliers for payment direct HMRC.

5. Responsible Procurement

- 5.1 Responsible procurement for Lambeth is about creating a better quality of life for all areas of the Borough – for both now and in the future. It is underpinned by the following outcomes from the Borough Plan, Equality Commission recommendations and Manifesto commitments.
- 5.2 We will ensure that the benefits of growth increase community resilience, and that we target our investment in early help and preventative services including but limited to the following:
- Increase the number of good jobs in the borough above the trend forecast.
 - More and better apprenticeships with local employers for young people.
 - More employment of local young people by local employers.
 - Increase the proportion of Lambeth residents paid London Living Wage or above.
 - Increase the opportunities available to those people needing support to access and sustain work, particularly Looked-after Children and people with mental health issues.
 - Encourage local employers to offer more volunteering, work experience, internships and shadowing opportunities for Lambeth residents from disadvantaged groups .
 - More young people have the skills they need to succeed in London’s growing economic sectors.
- 5.3 We shall also consider where HFL can:
- Deliver Social Value within procurement
 - Improve value for money and create efficiencies wherever possible.
 - Improve the quality of services delivered on behalf of the Council and its residents.
 - Encourage innovation and creative service delivery when and where possible.
 - Ensure suppliers and contractors operate in accordance with legislation and HFL’s policies.
 - Ensure suppliers meet Public Sector Equality Duty as detailed in the Equalities Act 2010.
 - Improving outcomes for young children and their families, with a particular focus on the most disadvantaged families, to reduce inequalities.
 - Enforce safeguarding standards in our supply chain to ensure the protection of vulnerable adults and children.
- 5.4 HFL supports the Public Services (Social Value) Act 2012 through our belief in

procurement practices that balance the needs of the economy, the environment and society. We are committed to identifying and reducing, on a cost-effective basis, the sustainable risk associated with the goods and services we buy.

- 5.5 HFL staff will consider social value before starting a procurement to ensure that the shape of the procurement approach and the design of the services required balance socio- economic and environmental factors.
- 5.6 Under law the Act only applies to those public services contracts and framework agreements to which the Public Contracts Regulations apply and only for contracts valued at the Public Contracts Register (formerly OJEU) thresholds and greater. However, HFL has extended this responsibility to the tendering threshold of £20,000. At this value of contract procurement, HFL staff must, as a matter of good practice, consider how what it is proposed to be procured might improve economic, social and environmental well-being in order to obtain maximum value for money.
- 5.7 HFL will note and aim to uphold practices to deliver social value in procurement that reflect those of Lambeth Council as far as possible.
- 5.8 HFL will seek to integrate the following priorities from Lambeth Council's Borough Plan (2018 – 2021) into procurement activity:
- **Creating inclusive growth:** We want all of Lambeth to benefit from the investment and regeneration of the Borough.
 - **Reducing inequality:** We want to take action to address inequalities across the borough including issues to do with health, job opportunities and quality of life.
 - **Building strong and sustainable neighbourhoods:** We want to maintain safe, clean and cohesive communities across the Borough.
- 5.9 HFL will do this through implementing this procurement strategy and, specifically, the following requirements:
- The London Living Wage (Living Wage outside London) will be expected in all contracts.
 - Social value to be encouraged or required during the commissioning or planning phase. For example, breaking the opportunity up to encourage smaller providers or specifying supported employment opportunities where there is a suitable local market.
- 5.10 Where some providers may be able to offer additional social value or direct their corporate social responsibility towards Lambeth, there will be an option to allocate part of the 30% quality evaluation to differentiate bids. Such social value to be in line with the priority outcomes outlined above and at no extra cost.
- 5.11 Some practical steps that can be taken to implement responsible procurement are included at Appendix 1.

6. Ongoing Monitoring

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- 6.1 During the course of the contract, the goods or services being provided should be monitored to ensure they are compliant with the contract terms and the specified level of quality.
- 6.2 Clear responsibility for contract performance must be assigned to an individual role within HFL and monitored accordingly.
- 6.3 Where possible, benchmarking should be used to measure performance against standards generally expected in the market and to measure the value for money that contracts are providing.

7. Declaration of Interest

- 7.1. If a representative of HFL has a conflict of interest in relation to a procurement or current contract that HFL is managing, he or she shall immediately give written notice to the chief executive and their relevant department Director. The Chief Executive or relevant Department Director will take relevant action to manage the conflict which may involve removing the individual from the process. Representatives of HFL must act in accordance with the company's Probity Policy.

8. Contract Record-keeping

- 8.1 All HFL Contracts must be recorded on the central Contract Register. The register information to be recorded includes the total value of the contract, the procurement/approval route, the break/review/expiry dates and the individual responsible for the contract. Professional insurances, and data protection compliance documentation must also be stored centrally.
- 8.2 Completion of the central Contracts Register will result in suppliers being recognised as HFL Approved Suppliers. Purchase Orders will only be issued to HFL Approved Suppliers, this means that purchase orders will not be issued to suppliers until the Contracts Register is completed and the required documentation provided.

9. Policy Review

9.1 This policy will be reviewed annually and updated in line with the following:

- Changes in Lambeth's & HFL's priorities.
- Any new legislation, regulations and new government guidance and standards.
- Departmental developments.
- HFL's & the Council's Procurement Strategy; and
- Other HFL or Lambeth Policies and Drivers.

10. Definitions

We follow plain English guidelines. Specified words or terms within this policy are explained here.

Word or Term	Meaning of Word or Term
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Teckal	Is the common name for a company which benefits from contracts for works, services or supply from its controlling Contracting Authority (or Authorities) without having to go through a competitive tender process.
Public Services (Social Value) Act 2012	The Public Services (Social Value) Act came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

11. Legal & Regulatory Framework

List relevant legislation or regulation, such as social housing regulation
Public Services (Social Value) Act 2012
Public Contracts Regulations 2015
Equalities Act 2010

12. Related HFL Policies

This policy links to the following HFL policies:

- HFL Group Financial Regulations

13. Related HFL Procedures

This policy links to the following HFL procedures:

- Appendix 1

14. Version Control

Version Number	Revision Date	Summary of Changes	Author
V3	March 2021	Procurement procedure and approvals table added under clause 2.5.	HFL Head of Commercial
V2	February 2021	<p>The policy has been subject to drafting changes that cover the following areas:</p> <ul style="list-style-type: none"> • Business Plan Approval requirements and updates, noted as 3 years • Public Contracts Register in lieu of OJEU (Legal advice has been sought) • Waiver for services to a value of £100k • Teckal / In-house implications • DRV • CIS 	HFL Head of Commercial

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		<ul style="list-style-type: none">• Responsible Procurement expanded• Review of Policy criteria	
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Appendix 1 – Practical steps

1. Commissioning
 - Be clear about the key outcomes you are commissioning, and think about whether other outcomes could also be achieved, talking to commissioning colleagues
 - Identify which priorities and other social value could be included as part of the commissioning of the service / activity.
 - Consider any cross-cutting activities with other services delivered by HFL (and Lambeth Council is applicable and appropriate)
2. Pre-procurement
 - Be clear in adverts and documents that HFL expects suppliers to consider social value and will reflect this in evaluation criteria.
 - Where appropriate, include in adverts: “The contract will also be expected to deliver wider community benefits to Lambeth” or similar wording.
 - Websites such as the South London Procurement Network can be helpful in sourcing suppliers and partners.
3. Seeking proposals (Invitations to Tender):
 - Consider social value and reflect this in evaluation criteria
 - Highlight our social value priorities: e.g. “HFL is a Living Wage employer and, where possible, encourages contractors to pay the same or equivalent.”
 - Be clear how you will score social value against other factors, in terms of evaluation criteria and weighting, e.g. Quality (70% - including 10% Social Value Benefits) and Cost (30%)
4. Submitting proposals (suppliers)
 - Be specific about how you will deliver our social value priorities.
 - How else could you contribute to deliver wider community benefits?
5. Comparing proposals
 - Use the scoring method and evaluation criteria and weighting as indicated in the Invitation to Tender.
 - Retain a record of the results of the scoring (for feedback to suppliers and for an audit trail).
6. Procurement
 - Agree the social value that is to be provided (adapt as necessary).
 - Obtain specific information on how the agreed social value will be delivered
 - Clarify how the proposed social value will be measured (verification and evidence).
7. Completing an agreement or contract
 - Make sure the proposed social value and how and when it will be measured is written into the contract.
8. Contract delivery and monitoring and review
 - Ensure the contract’s social value is reviewed and monitored in accordance with any agreed performance monitoring framework.