

Finance & Resources Committee, 21 November 2013

Procurement Policy

Executive summary and recommendations

Introduction

This paper is a response to recommendations made by the National Audit Office (NAO) in 2012/13 following a review of the HCPC's procurement process.

The recommendations made by the NAO were that;

- HCPC reviews its procurement policies and procedures and ensures that they meet current legal and good practice requirements; and,
- HCPC ensures that all staff in procurement are adequately familiar with the relevant policies and procedures, understand their importance and comply with them

In response to these recommendations HCPC recruited a procurement manager in April 2013 who is currently responsible for clearly defining and implementing the organisation's procurement policy and procedures.

This document sets out the organisation's proposed procurement policy which is currently the subject of legal scrutiny.

Decision

The Finance & Resources Committee is asked to recommend the policy to Council for approval, subject to formal legal scrutiny.

Background information

Outlined above.

Resource implications

None.

Financial implications

None anticipated.

Appendices

None.

Date of paper

12 November 2013.

Procurement Policy

November 2013

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1. Introduction

- 1.1 This policy sets down the guidelines which the Health and Care Professions Council (HCPC) employees need to adhere to in relation to procurement activities i.e. the purchase of goods and services.
- 1.2 This policy applies to all those persons involved in procurement activities for or on behalf of the HCPC. In addition to all HCPC employees it also applies to:
 - 1.2.1 council and committee members;
 - 1.2.2 contractors; and
 - 1.2.3 Partners.
- 1.3 In this policy the term 'persons' collectively refers to those aforementioned in paragraph 1.2.
- 1.4 This policy applies to the purchase of all goods and services all of which should be purchased via competition unless they are of low value.

2. Scope

- 2.1 The policy aims to ensure that all procurement activities conducted by the HCPC;
 - Achieve best possible value for money
 - Are conducted in a fair, objective and transparent manner
 - Are compliant with all relevant regulation
 - effectively manage commercial risk
 - Encompass the short and long-term objectives of the business
- 2.2 Responsibilities

The responsibility for ensuring good procurement practice rests with all persons involved in the procuring of goods and services.
- 2.3 All persons have a responsibility to ensure that the HCPC's resources are used to the maximum benefit of the HCPC in the provision of its services. This means that the procurement mechanism must be effective and efficient so as not to waste valuable employee time unnecessarily whilst achieving best value.
- 2.4 It is essential that all persons responsible for procuring goods and services within the HCPC familiarise themselves with the HCPC's Procurement Policy and Guidelines.

2.5 Legislation

As a public body, the HCPC is subject to the Public Contracts Regulations 2006 (the Regulations). Procurements with a total value equal to or greater

than the thresholds which apply to the Regulations must be carried out in compliance with all prevailing legislation including but not limited to EU and UK Procurement Law. The Procurement Manager will provide guidance and seek legal assistance where appropriate.

3. Value Thresholds

- 3.1 The value of a contract is measured as the aggregate amount HCPC expects to pay the contractor over the duration of the contract, whether to be supplied or executed one time or over a specific period. If there is any doubt in respect of such a valuation the Procurement Manager must be consulted.
- 3.2 A Supplier Relationship Manager (SRM) will be identified at the outset of the procurement process. This person will be responsible for ensuring the contract delivers as intended. This person may be managing a supplier on behalf of several HCPC departments. In most cases, the Supplier Relationship Manager will hold the largest value contract with the supplier.
- 3.3 The HCPC will provide and maintain clear guidelines for minimum spend competition thresholds. These will be dependent on the size and complexity of the proposed procurement activity and will comply with procurement regulations. For procurements under £100, procedures are at the budget holder's discretion bearing in mind the policy aims set out in paragraph 2.1. All other requirements will be subject to the following procedures:

Table 1 Procurement routes and value thresholds

| Total Estimated Contract Value incl VAT | Method | Method of acceptance | Approval |
|--|---|--|--|
| £101 - £1,000 | Budget holder's discretion | Approved purchase order(PO) | Budget holder or Director |
| £1,001 - £8,000 | Evidence of comparison of two or more suppliers | Approved PO | Budget holder or Director |
| £8,001 - £30,000 | Minimum of three written quotations | Written acceptance of contract and approved PO. Chief Executive to sign contract. | Chief Executive. Values over £25,000 must also be approved in advance by the Chair of Council. |
| Exceeding £30,001 but less than OJEU threshold | Formal written tender with a minimum of three written responses | Written acceptance of contract and approved PO. Chair of Council to sign contract. | Chief Executive and Chair of Council |
| Above relevant OJEU threshold | Formal OJEU process. Seek legal advice throughout | Written acceptance of | Chief Executive and Chair of |

| | | | |
|--|----------------|---|----------|
| | as appropriate | contract and approved PO. Chair of Council to sign contract. | Council. |
|--|----------------|---|----------|

3.4 EU thresholds are modified from time to time by the European Commission. When considering which route to follow, the latest Official Journal of the European Union (OJEU) thresholds should be verified prior to commencing the procurement.

3.5 OJEU thresholds valid for the period 1 January 2012 to 1 January 2014 are as follows:

Table 2 EU threshold values 2012-2013 inclusive.

| Type of Contract | Threshold |
|---|------------|
| Service & Supply (includes supply, lease, rental or hire purchase of goods, excluding employment contracts) | £173,934 |
| Works (building & engineering, including capital works) | £4,348,350 |

*Values exclude VAT

3.6 In the case of any uncertainty the application of this policy or which procurement route should be followed, advice should be sought from the Procurement Manager.

4 Policy Requirements

4.1 The primary objective of the HCPC's procurement policy is to obtain value for money and comply with requirement of regularity and propriety. Value for money is the optimum combination of whole life costs and quality on the best available contractual terms to meet the HCPC's business needs and requirements.

4.2 Persons involved in procurement activities must provide appropriate notice to Procurement Manager and others that will be involved in the procurement process. For details of notice periods refer to HCPC's Procurement Guidelines.

4.3 Where applicable the use of existing Government Procurement Service (GPS) framework agreements should be considered. Competitive tenders and quotations can be sought from suppliers on existing frameworks as set up by the GPS (<http://gps.cabinetoffice.gov.uk>).

4.4 During a procurement exercise the correct specification is key to achieving value for money. Requirements should be specified in appropriate detail and provide suppliers with a clear indication of what is required to enable cost estimates to be accurately produced.

4.5 The re-letting of contracts will be required at appropriate intervals and will not

normally exceed four years.

- 4.6 All contracts made by or on behalf of the HCPC must be documented in writing and, where appropriate, based on the HCPC's terms and conditions. Where this is not possible, approval must be sought from the Procurement Manager, with legal advice being sought where relevant.
- 4.7 Where a contract requires a supplier to apply data processing activities to the HCPC's data the supplier must sign the HCPC's Data Processing Agreement prior to the commencement of the contract.
- 4.8 All contracts must be deposited on the suppliers database which is overseen by the Finance Department.
- 4.9 The Procurement Manager will review and approve requests for set up of new suppliers' in conjunction with the Chief Executive onto the Purchase Requisition System (PRS) supplier file after carrying out an analysis of requirements and other supplier checklist items.

4.10 Ethics

All employees involved in procurement activities are expected to behave ethically at all times. All employees shall be open, honest, fair and impartial in their dealings with suppliers. In particular staff must familiarise themselves with and comply with the Anti-Bribery, Gifts and Hospitality Policy.

- 4.11 Anyone involved in a procurement who has business or personal relationships with, or friends/relatives employed by, potential bidders for the HCPC contracts must disclose to the SRM and the Procurement Manager at the outset and may be excluded from the procurement process completely or restricted to a limited role.

4.12 Freedom of Information

The HCPC is subject to the Freedom of Information Act 2000. This means that any person who makes a valid request for information held by the HCPC will be entitled to receive it - unless all or part of that information can justifiably be withheld under the exemptions contained within the Act. In so far as is practicable all tenderers should be made aware at the beginning of the process that this is the case.

4.13 Equality and Inclusion

The HCPC conduct business taking into account the Equality Act 2010, which requires the HCPC to ensure that it does not discriminate on the grounds of on age, disability, gender reassignment, marriage & civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

4.14 The HCPC will require Suppliers, where appropriate, to be aligned with HCPC's corporate objectives for equality and inclusion as outlined in HCPC's Equality & Diversity Policy.

5 Waiving of the Requirements

5.1 There may be circumstances where the waiving of this Procurement Policy may be necessary.

5.2 Before a waiver is granted an explanation using a Single Source Request form must be submitted to the Procurement Manager and approved by the Chief Executive clearly stating which of the grounds set out below is relied upon:

- the work constitutes follow up work, which is directly related to a recently completed contract.
- the expertise required is only available from one source.
- technical necessity due to compatibility with existing HCPC systems and processes
- where the goods, services or works to be procured are of a specialist or proprietary nature and it can be demonstrated that no satisfactory alternative supplier is available;
- in an emergency, i.e. a threat to life, health, property or the reputation of the HCPC.

6 Monitoring & Recording

6.1 Periodically the Procurement Manager will randomly select approved purchase orders from PRS to ensure compliance with the HCPC Procurement Policy. .

6.2 Proper records of all procurement activity must be retained in accordance with the HCPC's Document Retention Policy in either electronic or hard-copy format as appropriate.

7 Further information

7.1 Advice on any aspect of this policy can be obtained from the Procurement Manager and the Director of Finance. Further guidance is available on the procurement section of the HCPC intranet.