

PROCUREMENT POLICY

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1 PURPOSE OF THE POLICY

The purpose of this Policy is to set out guidelines for NWDA staff that are engaged in procurement activity, in order to ensure compliance with varying statutory requirements whilst allowing the Agency to meet its objectives.

The Agency is bound by the Financial Memorandum issued to RDAs by the DTI, and has subsequently developed internal Financial Regulations which govern all of the Agency's financial business. This Procurement Policy, the Procurement Strategy and all related Procurement Procedures form part of Financial Regulations.

2 MAIN PRINCIPLES

2.1 Definition of Procurement

The term "Procurement" refers to the process by which goods services and works are acquired from third parties. This is a lifecycle process that covers from the initial purchase concept through to the end of the life of the purchased asset or service.

2.2 Value For Money

In procuring goods, services or works, all teams/departments are responsible and accountable for achieving value for money (VfM). In addition, teams/departments are urged to seek continuous improvements in value for money.

Following the Gershon Report on Efficiency, the Agency has had its Efficiency Plan approved by the DTI, and has been tasked with saving 2.5% per year for the next 3 years.

2.3 Commitment to Competition

VfM is best achieved by competition. Competition promotes economy, efficiency and effectiveness in public expenditure and contributes to the competitiveness of suppliers.

3 PROCUREMENT STRATEGY

The Agency's Procurement Strategy sets out how the principles of this Policy will be delivered within the Agency's operational procurement activity.

4 ROLES AND RESPONSIBILITIES

All Agency staff are responsible for ensuring that procurement activity within their business areas is carried out in accordance with Financial Regulations.

The Procurement team will engage with all Agency staff to fully establish their needs and deliver effective procurement solutions, working with them at an

early stage to drive down costs and improve quality in the goods and services to be procured.

5 LEGAL OBLIGATIONS

The Agency must comply with all of its legal obligations. The legal framework for public procurement includes:

- EU and other international obligations, as implemented in UK legislation or by virtue of direct effect, e.g. discrimination on grounds of nationality, restrictions of free movement of goods and services, equal treatment, transparency and competitive procurement;
- Specific domestic legislation, e.g. on corrupt gifts or unfair contract terms;
- Contract and commercial law in general; and
- Domestic case law

The Procurement Team will ensure compliance with all legal requirements relating to procurement activity, and will refer any legal issues to the internal Legal Team.

6 SUPPLIER RELATIONSHIPS

All Suppliers will be dealt with equally, with integrity, fairness, and courtesy and in a professional manner.

Relationships with suppliers should be constructive, but built on a competitive approach that will lead to cost savings and better quality.

7 PROCUREMENT PROCESSES

7.1 Contracts and Purchase Orders

All Suppliers of goods and services will be covered by an appropriate contract, purchase order or agreement (reflecting value and level of risk to NWDA). A formal contract should be agreed with the successful Supplier where the whole life cost (total anticipated spend for the duration of the agreement) is greater than £50,000. Where the anticipated whole life cost is less than this threshold, a purchase order utilising the Agency's standard terms and conditions should be used as the contractual relationship.

All formal contracts over £50k should be prepared by Procurement. Assistance from the Legal team will be sought by Procurement where variations from the standard model are required.

The appropriate Executive Director should sign the contract. All projects/contracts that are greater than £10m require **prior** Treasury approval. The duration of any procured contract on behalf of NWDA should not exceed four years.

Any proposed variation to a contract must be authorised by the Head of Procurement and the Head of Legal, and the contract will be amended and signed by the appropriate Executive Director.

7.2 Panels

A Panel is defined as a group of Suppliers that have been through a formal tender and assessment process and have been approved as Agency preferred suppliers for a specified range of goods or services to be used on a call-off basis (generally through a 'mini-tender' exercise). Staff should ensure that these preferred suppliers are used when buying goods and/or services. The Agency also makes use of external Panels – mainly those frameworks established by the Office of Government Commerce (OGC), and the contracts set up by the North West Universities Purchasing Consortium (NWUPC).

7.3 Evaluation Criteria

The evaluation criteria for a procurement activity should be agreed jointly by the project manager and Procurement prior to the issue of tender or quotation documents. Any criteria that is mandatory or has a minimum standard should be clearly identified.

The Procurement Strategy sets out all appropriate evaluation criteria, and the Procurement Procedures includes a detailed Guidance Note on this subject

7.4 NWDA Terms and Conditions

The Agency's Terms and Conditions for the supply of goods and services will form the basis of any contract entered into with suppliers unless otherwise agreed in writing. Copies of NWDA standard terms and conditions are available on the NWDA website at the following address: www.nwda.co.uk/tenders

Any amendments to the NWDA standard terms and conditions must be agreed in writing by the Head of Procurement.

7.5 Procurement Procedures

The Agency's Procurement Procedures are available via the Procurement Team's pages on the NWDA Intranet: <http://intranet/standard.aspx?nid=225>

8 CORPORATE SOCIAL RESPONSIBILITIES (CSR)

8.1 Small and Medium Sized Enterprises (SMEs)

Part of the Agency's role is to foster the development of small and medium sized enterprises (SMEs). A micro/small/medium sized enterprise employs fewer than 250 people and has an annual turnover not exceeding 50 million euro (or annual Balance Sheet total not exceeding 43 million euro).

Procurement has a very strong role to play in CSR, especially in relation to the way in which the NWDA treats its suppliers (and the way in which the NWDA's suppliers treats its sub-contractors); labour conditions along the supply chain; support for SMEs and local production; fair trade; and selection of environmentally friendly products and services.

8.2 Environmental Procurement

Environmental procurement leads to the embedding of environmental considerations into routine procurement decisions, the delivery of better value for money (e.g. through buying energy-efficient products), an improved organisational environment and improved reputation.

This can be achieved by building environmental considerations into all aspects of the procurement process.

8.3 Social Issues

Social issues should be taken into account wherever possible. There will be cases where social issues can legitimately be applied – contracts for services, for example, are much more likely to have a social aspect than supply contracts.

Consideration of social issues is crucial where the Agency has obligations of a social nature, for example under the Race Relations Amendment Act.

9 ELECTRONIC PROCUREMENT

The Agency will work towards implementation of eProcurement systems and tools, noting the DTI and OGC strategies and initiatives.

Government Procurement Cards and electronic Tendering systems are already in place within the Agency. Over the longer-term, the Agency will make the entire purchase to pay (PTP) process fully electronic.