

## Policy Title: Procurement Policy (CPFT)

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## Policy On A Page

### **SUMMARY & AIM**

To ensure the Trust's approach to Purchasing, Supply and Distribution provides the maximum benefit in both cost and service to the Trust.

### **KEY REQUIREMENTS**

The objective of the Procurement Policy is to ensure the Trust complies with legislative and regulatory requirements relating to the procurement of goods and services, and obtains value for money when doing so.

To achieve this:-

**Do** contact the Trust's Procurement Department when purchasing any goods or services.

**Do** adhere to quotation and tendering guidance and limits contained in this Policy, and the Trust's Standing Order, Reservation and Delegation of Powers, and Standing Financial Instructions Policy

**Do not** place orders or incur expenditure before approval is received from an authorised signatory with appropriate delegated authority.

### **TARGET AUDIENCE:**

All staff involved in purchasing goods and services for the Trust.

### **TRAINING:**

There is no mandatory training associated with this policy.

Budget Holders will be provided with appropriate guidance from Finance based on an individual's knowledge of this policy.

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## 1. INTRODUCTION

Cumbria Partnership NHS Foundation Trust recognises that the provision of quality patient care is supported by using cost effective procurement processes which deliver value for money. This can be achieved by developing supplier and customer relationships that consider both quality and cost, and ensure appropriate competition.

This philosophy has been endorsed by the Department of Health, through the publication of a number of documents including:

- NHS Standards of Procurement
- A Procurement Development Programme: 'Better Procurement, Better Value, Better Care.'

These documents set out a number of key aims which focus on efficiency, improving data and transparency, collaboration, and clinical review.

This policy sets out the principles that ensure the Trust provides an effective procurement process, good stewardship and value for money.

## 2. PURPOSE

Procurement is the process by which the Trust obtains goods, works and services from external providers across all sectors. It covers:

- Identification of the requirement
- The buying process
- Contract management
- End of the requirement / disposal

The main objectives of procurement within the Trust are:

- to ensure the Trust's approach to Purchasing, Supply and Distribution provides the maximum benefit in both cost and service to the Trust
- to provide end users with the right products, in the right place, at the right time, at the best value for money
- to ensure the Trust is purchasing goods and services transparently, in line with both local and national guidelines, minimising the risk of any procurement challenge to provide the tax payer with value for money through expenditure on procurement.
- to comply with legislative and regulatory requirements relating to the procurement of goods and services

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### **3. PROCUREMENT SERVICE AND COMPLIANCE:**

#### **3.1 Procurement Service**

The Trust receives a procurement service from University Hospitals of Morecambe Bay NHS Foundation Trust. The scope of services provided by University Hospitals of Morecambe Bay NHS Foundation Trust is detailed in an agreed Service Level Agreement between the two organisations.

Through the Procurement Department the Trust accesses contracts through a formal process with

- NHS Shared Business Services - Commercial Procurement Solutions (NHS SBS)
- Crown Commercial Services (CCS)
- NHS Supply Chain

In addition, the Procurement Department has established a network of contacts, and is able to access other contracts with other procurement agencies in the NHS e.g. London Procurement Partnership; North of England Commercial Procurement Collaborative.

The Trust is a member of NHS SBS, via a membership subscription. NHS SBS is a strategic procurement partnership which aims to enhance the local purchasing power by working collaboratively with other NHS bodies on a national basis. They also provide access to a number of framework agreements, which can be used where appropriate.

A Procurement Strategy has been developed and accepted by the Trust which includes a number of key performance indicators which are reported to the Executive, and will be reviewed regularly. The key performance indicators are recorded at a high level within Partnerships procurement dashboard which is located on the Trusts intranet.

#### **3.2 Competition and Sourcing**

All procurement activity throughout the Trust will be conducted having regard to the professional and ethical guidance provided by the Chartered Institute of Purchasing and Supply. Public Procurement Regulations will be adhered to, in conjunction with the Trust's Standing Orders and Standing Financial Instructions.

Many routine items are purchased via NHS Supply Chain via an electronic catalogue system. The catalogue includes some 600,000 items, and is constantly changing, so items should be evaluated regularly to ensure the best value for money.

Unless alternative tendering arrangements have been agreed with the Procurement Department, when a procurement need is identified, prior to undertaking any competition a high level summary of the project will be required including:

- Overview of goods/service required;
- Purchase value over the life of the contract

The Procurement Department will then undertake a review of goods or services available through National Contracts, collaborative organisations including (NHS SBS, NHS Supply Chain, other NHS contacts, or the Government Procurement Service).

Benchmarking price, quality and service of proposed purchases with other Trust's also proves valuable and is supported by the Procurement Department.

Through using the Procurement Departments contacts of purchasing activity in other Trust's, there may be the opportunity for both formal and informal collaboration. For some products and services, combining demand can improve the commercial outcome.

Once it is established that specific goods or services cannot be reliably and competitively sourced through the above mentioned routes, budget holders must seek to obtain best value for money through competition. This procedure is conducted in line with the Trust's Procurement Strategy, and the Trust Standing Orders / Standing Financial Instructions. An overview of the quotation and tendering limits are included below:

Purchases up to £6,000	Obtain a minimum 2 competitive quotes
Purchases from £6,001 up to £25,000	Obtain a minimum 3 competitive quotes
Purchases from £25,001 up to 80% of EU procurement threshold	Competitive tender
Purchases over 80% of EU procurement threshold	Full EU Procurement in line with the Public Procurement Regulation

The above limits apply to aggregate spend over a contract period.

Example: If spend with Company A is £15,000 over a multi year agreement (3 years), the procurement is subject to a competitive tender as the total contract value is £45,000.

Single quotes for purchases up to £1,000 are permissible, but are limited to the use of suppliers required for emergency works outside of standard office hours, or a supplier with a Trust-wide aggregate spend of less than £5,000 (relating to orders under £1,000) in the current or previous financial year.

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Each tender must have a fully developed specification (Invitation to Tender) which details the product / service requirements over the life of the contract, and clear and concise evaluation criteria should be agreed prior to the issue of documentation.

The tender will be evaluated in line the criteria published and that with the highest total score will be awarded the contract, provided that the total tendered price is within the agreed budget. This scoring mechanism will be the basis for all supplier feedback to unsuccessful bidders.

Guidance must be sought from the Procurement Department in constructing the tender specification (ITT) and evaluation criteria.

All purchases/contracts which exceed the relevant European financial thresholds (except those where appropriate National Contracts are in place), will be advertised in the Official Journal of the European Union (OJEU), through the Procurement Department.

Failure to comply with Trust rules could result in disciplinary action. Failure to comply with EU procurement regulations could result in:

- The High Court setting aside a contract
- High Court claims for damages from companies denied the ability to participate in competitive tenders
- Infringement proceedings in the European Court of Justice
- Punitive damages against the Trust

For full details of Financial Limits, please refer to the Trust's Reservation and Delegation of Powers,

In some instances, such as ICT, contract frameworks have been established for equipment to be purchased direct from the manufacturer, or approved distributors. These frameworks enable the Trust to purchase items quickly, whilst still achieving value for money via a national catalogue of goods. The frameworks will be regularly reviewed to ensure that they continue to provide these benefits and are not used primarily for administrative convenience. It should be noted that frameworks should be used in line with the published guidance, and a mini competition should be conducted in order to select the most appropriate supplier. Should you have any questions, please seek advice from the Procurement Department.

For all goods and services an order must be raised in advance, with the following exceptions.

- Rent and Rates
- Where one off low value items (maximum single item £1,000), are purchased using the Trust's credit card. Cards are held by the Estates Department, and the Finance Department (for orders processed via Procurement).

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An official order is raised by either raising an electronic requisition via the eProcurement System or completing a non-stock requisition. Details of where to send non-stock requisitions, along with contact details of the Procurement Department can be found on the Trust Intranet.

It is important that Official Purchase Orders are raised as they:-

- ensure purchases are appropriately authorised and fully auditable within the organisation
- ensure transparency of purchases and non-pay spend
- ensure supplier payments are actioned in a timely and efficient manner.

#### Emergency Works – Purchase of equipment/replacement parts

In the event of an extreme emergency where replacement equipment or parts (e.g. plant failure) are required to maintain Trust services, single quotes are allowable up to £6,000.

Where possible the responsible Officer requesting the emergency works should still ensure that the Trust is receiving value for money.

#### Maintenance Requirements of Original Installations

Where the original installation of plant or detection systems (e.g. Fire Detection, and Staff Attack systems) requires future maintenance and parts to be provided by the manufacturer, then the above quotation limits do not apply.

The responsible Department should liaise with the Procurement Department to ensure an appropriate contract or agreement is in place with the manufacturer for any such installations, and that these are reviewed periodically.

### **3.3 Reservation & Delegation of Powers, And Standing Financial Instructions (SFIs)**

The SFIs details the financial framework and responsibilities that have been adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.

The Standing Financial Instructions identify the financial responsibilities, which apply to everyone working for the Trust. They do not provide detailed procedural advice, but cover a number of areas pertinent to Procurement.

The Standing Financial Instructions (Non-Pay Expenditure – Section 9) includes instruction on Delegation of Authority, Requisitioning, Official Orders, Duties of Managers and Officers, and the System of Payment and Payment Verification.

The Standing Financial Instructions (Tendering and Contracting - Section 10) includes instruction on EU Directives Governing Public Procurement, Formal Competitive Tendering and Contracting procedures, Quotations, and Compliance Requirements for all Contacts.

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If for any reason the Standing Financial Instructions are not complied with, full details of the non-compliance and any justification for non-compliance and the circumstances around the non-compliance shall be reported to the next formal meeting of the Audit Committee for referring action or ratification. All members of the Board of Directors and staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Director of Finance prior to acting.

Failure to comply with the Trusts SFIs is a disciplinary matter, and could result in dismissal.

Responsibilities and Financial Limits are listed in the Reservation & Delegation of Powers. These are reviewed on an annual basis.

### **3.4 Contract Monitoring**

Key contracts will be regularly monitored to ensure that the Trust gains full value from the supplier, ensuring that suppliers adhere to agreed policies and performance indicators.

The Procurement Department will maintain a database of all supplier contracts held by the Trust irrespective of the contract length or value. Alternative systems and processes for recording contract information out with Procurement is not permitted.

### **3.5 Ethics**

All staff involved with procurement must undertake to comply with the ethical code of purchasing provided by the Chartered Institute of Purchasing and Supply

Equality Impact Assessment - Within each tender the equality impact will be assessed and will form part of the overall scoring as appropriate.

Local Trading - Where appropriate and in accordance with Public Procurement guidelines, the Trust will seek to support the regional economy using local suppliers. Suppliers wishing to introduce their product range to the Trust must comply with the Trust's policy for Representatives on Site.

Award of Contracts - The Procurement Department in conjunction with the user department will award contracts, taking into full consideration of value for money and the benefits for patient care. For all tenders run via the Procurement Department, tender award and feedback to all unsuccessful bidders will be led by a representative of the Procurement Department, supported by the project team / user departments as appropriate.

Freedom of Information - Information will be made available upon request within the remit of the prevailing NHS Terms and Conditions of Contract and the guidelines of the Freedom of Information Act.

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### **3.6 Equality & Diversity**

Codes of Duty have been issued by the Disability Rights Commission, Commission for Racial Equality, and Equal Opportunities Commission, and which provide guidance on procurement and its impact on equality and diversity, including

- Ensuring all contracts are delivered in a way which is non-discriminatory, and promotes equality of opportunity for staff, the general public, and businesses.
- Consistency in approach to equality across all departments, and at each stage of the procurement process.
- Taking steps to ensure there is a level playing field for all potential contractors, regardless of size or ethnicity of ownership, and make the Trust's policy on equality and diversity known to all interested firms.

Only Contractors who agree to the Trust's equality and diversity terms contained in contract guidelines will be included on an approved contractor list. Contractors are made aware of the action that will take place in the event of them (or their employees) not complying with these guidelines.

All staff involved with procurement must undertake to comply with the guidance provided by the above organisations, and any supplemental guidance provided by the Trust.

### **3.7 E-Commerce**

The Trust is committed to exploiting electronic methods of communication, both within the Trust and with Suppliers. Where possible requisitions and orders should be placed using the Trust's electronic ordering system, in order to minimise administrative costs and improve management reporting.

### **3.8 Collaboration**

The Trust will work with other NHS or Public Sector partners where appropriate to investigate the use of joint or consortium contracts when cost or service benefits can be identified.

### **3.9 General Data Protection Regulation (GDPR) and Data Protection Act 2018 (DPA18)**

The GDPR and the DPA18 offer greater rights for data subjects and requires the Trust to demonstrate their commitment to and effectiveness of data protection legislation. The legislation necessitates that any processing of personal data carried out by suppliers/third-party data processors must be controlled by a legally binding agreement that contains specific contractual clauses.

Under the legislation, the Trust can only engage data processors that have provided sufficient guarantees of compliance with the new data protection laws. In addition to updating contracts and agreements, the Trust must secure written assurance

from all data processors. The trust should ensure all suppliers have had due diligence undertaken according to Information Commissioners Office (ICO) and NHS Digital guidance.

#### 4. TRAINING AND SUPPORT

There is no mandatory training associated with this policy.

Budget Holders will be provided with appropriate guidance from Finance based on an individual's knowledge of this policy.

#### 5. PROCESS FOR MONITORING COMPLIANCE

The process for monitoring compliance with the effectiveness of this policy is as follows:

Aspect being monitored	Monitoring Methodology	Reporting		
		Presented by	Committee	Frequency
Compliance with the controls contained in the Procurement Policy, and SOs.	Appropriate authorisation of purchase orders, and regular review and reporting.	Director of Finance	Audit & Risk Committee	Monthly within Finance, and to Budget Holders; At least annually to the Audit & Risk Committee
Purchasing goods and / or services are undertaken with appropriate authorisation.	Regular monitoring of activity and expenditure requests. Internal Audit examination of controls, procedures, and transactions.			

Wherever the above monitoring has identified deficiencies, the following must be in place:

- Action plan
- Progress of action plan monitored by the *name of relevant committee* minutes
- Risks will be considered for inclusion in the appropriate risk registers

#### 6. REFERENCES:

NHS Standards of Procurement

A Procurement Development Programme: 'Better Procurement, Better Value, Better Care

**7. ASSOCIATED DOCUMENTATION:**

POL/003/001 - Reservation and Delegation of Powers and Standing Financial Instructions

**8. DUTIES (ROLES & RESPONSIBILITIES):****8.1 Chief Executive / Trust Board Responsibilities:**

The Chief Executive and Trust Board jointly have overall responsibility for the strategic and operational management of the Trust, including ensuring that Trust policies comply with all legal, statutory and good practice requirements.

**8.2 Executive Director Responsibilities: Executive Director of Finance, Digital, Estates & Support Services**

All policies have a designated Executive Director and it is their responsibility to be involved in the development and sign off of the policies, this should ensure that Trust policies meet statutory legislation and guidance where appropriate. They must ensure the policies are kept up to date by the relevant author and approved at the appropriate committee.

**8.3 Managers Responsibilities:****Director of Finance**

Has overall responsibility for ensuring good procurement practice throughout the Trust.

**Head of Procurement & Supplies (UHMB)**

Will report to the Director of Finance on procurement performance on a quarterly basis, culminating with an annual report.

**Purchasing Manager**

Has responsibility for the day to day operational activity of the Procurement Department. This includes liaising with Trust staff, Suppliers, and collaborative agencies in respect of tender exercises, contract coverage, supplier management, and catalogues accessed via the eProcurement system.

**Head of Financial Services**

Will manage the Trust's relationship with the Procurement Department, monitor compliance with this policy, and develop the Trust's procurement strategy with the Head of Procurement & Supplies.

**Other**

It is also the responsibility of the Procurement Department to develop procedures to cover all the Trust's non-pay expenditure that encompass the requirements of Standing Financial Instructions, Standing Orders, EU Procurement Directives and all specific NHS/Department of Health Policies.

Trust Managers have a key role in ensuring good procurement practice and therefore must be conversant with Standing Financial Instructions, Standing Orders and Standards of Business Conduct.

Staff involved in procurement must comply with Standing Financial Instructions, Standing Orders, EU Procurement Directives, Standards of Business Conduct, and be guided by the Chartered Institute of Purchasing & Supply code of ethics.

**8.4 Staff Responsibilities:**

It is the responsibility of all managers and staff involved with procurement to strive to achieve best value.

**8.5 Approving Committee Responsibilities:**

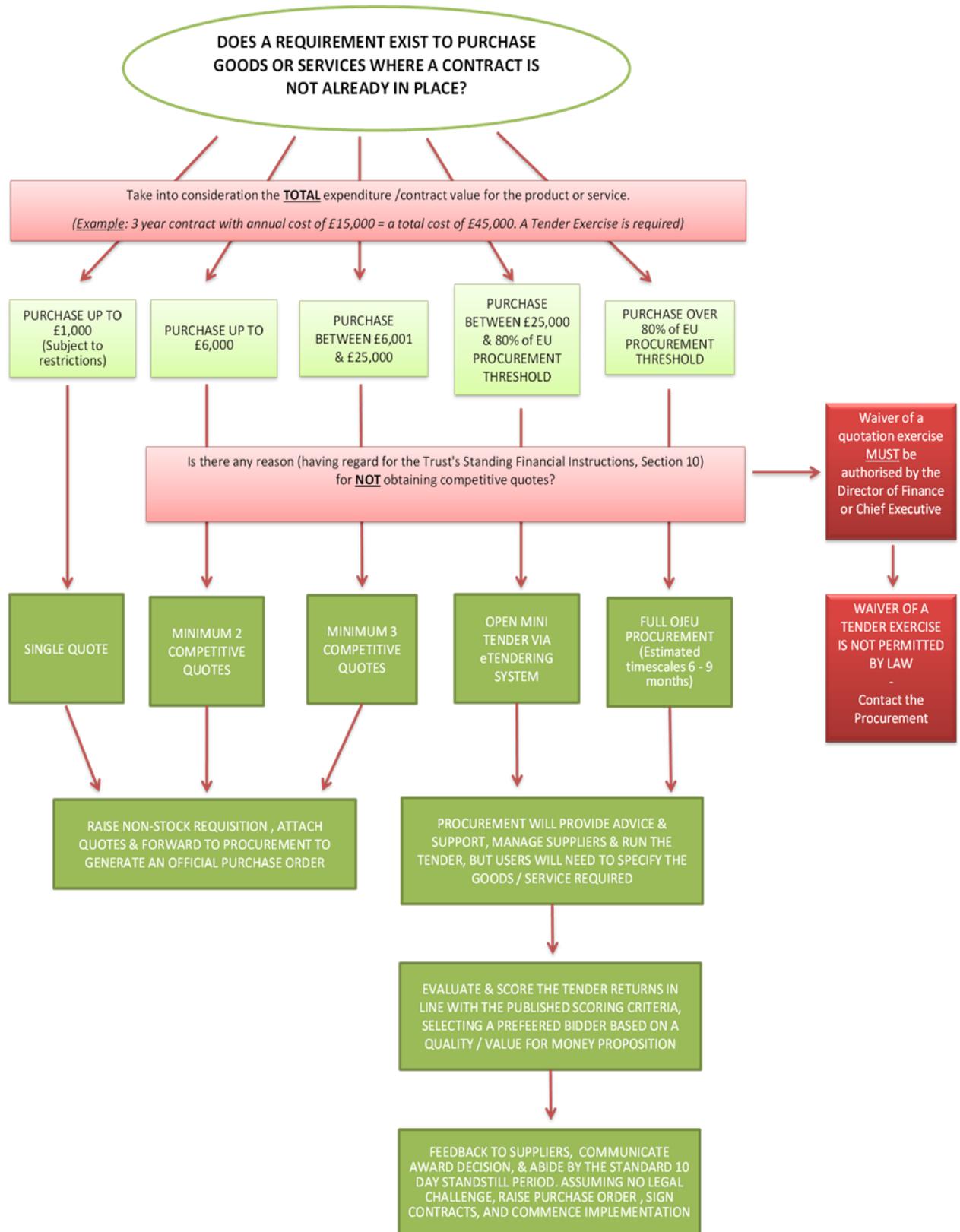
The responsibility of the Audit & Risk Committee is to:-

- Ensure the policy approval is documented in the final section of the Checklist for Policy Changes. The committee will agree the approval of the final draft of the policy.
- Receive and review the reports undertaken by Internal and External Auditors in respect of the Policy; and ensure Trust staff follow up on any recommendations made.
- Receive any waivers of standing orders as appropriate.

**9. ABBREVIATIONS / DEFINITION OF TERMS USED**

<b>Abbreviation</b>	<b>Definition of Term</b>
CCS	Crown Commercial Services
DPA18	Data Protection Act 2018
GDPR	General Data Protection Regulation
NHS SBS	NHS Shared Business Services - Commercial Procurement Solutions
OJEU	Official Journal of the European Union
SFIs	Reservation & Delegation of Powers, And Standing Financial Instructions
UHMB	University Hospitals of Morecambe Bay NHS Foundation Trust

**APPENDIX 1 - FLOWCHART FOR PURCHASING GOODS OR SERVICES:  
PURCHASING GOODS OR SERVICES - FLOWCHART FOR QUOTATION, TENDERING & WAIVER PROCEDURES**



**DOCUMENT CONTROL**

<b>Equality Impact Assessment Date</b>	
<b>Sub-Committee &amp; Approval Date</b>	<i>Audit and Risk Committee 9/1/19</i>

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<b>Version</b>	<b>Date</b>	<b>Section &amp; Description</b>
Current		<ul style="list-style-type: none"> <li>• 3.4 – Addition of second paragraph relating to Procurement maintaining the Trusts contract database</li> <li>• 3.9 – Addition of GDPR and DPA18 Section</li> </ul>

**List of Stakeholders who have reviewed the document**

<b>Name</b>	<b>Job Title</b>	<b>Date</b>
Jim Collins	Head of Procurement & Supplies	October 2018
Don Sturgeon	Purchasing Manager	October 2018