



## Corporate Procurement Policy & Plan

<b>Version Number</b>	2
<b>Revision Date</b>	December 2024
<b>Department</b>	Strategic Finance
<b>Author</b>	Strategic Finance Director
<b>Reason for Policy Creation/Revision</b>	Creation / Merge of Policy & Former Strategy Document
<b>Data Protection</b>	The policy complies with Hanover's Data Protection Policy and Procedures
<b>Equalities</b>	This Policy ensures equitable practices are embedded throughout our procurement activities
<b>Sustainability</b>	Sustainable procurement is both a key principle and key driver in ensuring excellent performance in procurement to reduce Hanover's Carbon Footprint
<b>Proofread By</b>	Procurement Consultant
<b>Date Approved</b>	11 August 2024
<b>Approved By</b>	Board August 2024
<b>Next Review Due</b>	August 2025
<b>Audience – Training and Awareness Approach</b>	A new back to basics approach is to be adopted that will involve a full internal training programme for the new workflows supported by external procurement training.
<b>Effective Date</b>	TBC
<b>Internal References – Policies &amp; Procedures (Located on The Hub)</b>	Financial Control Framework Scheme of Authorisation & Approval Good Governance Guide Contract Management Framework The Procurement Manual The Annual Procurement Report Risk Management Policy Supplier Management Policy
<b>External References</b>	Procurement Reform (Scotland) Act 2014 Public Contracts (Scotland) Regulations 2015

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	Procurement (Scotland) Regulations 2016 Equality Act 2010
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## CORPORATE PROCUREMENT POLICY & PLAN

### 1. Policy Purpose

- 1.1 Hanover's procurement activities will be undertaken in an economically, environmentally, and socially responsible manner. We will work in collaboration with others and our procurement activities will be aligned with achieving our strategic objectives.
- 1.2 The intention of this policy and related procedures is to clarify responsibilities across all forms of procurement and to reinforce best practice across the Hanover and to set out the guiding principles in relation to procurement.
- 1.3 The Policy is supported by the Procurement Plan (formerly known as the Procurement Strategy), the Annual Report on Procurement and Hanover's Procurement Manual.

### 2. Procurement Principles

- 2.1 All procurement activity will comply with the European Union principles as detailed in the Corporate Procurement Plan as well as our own key guiding principles which are:
  - Compliance with all statutory and legislative requirements including:
    - Procurement Reform (Scotland) Act 2014
    - Public Contracts (Scotland) Regulations 2015
    - Procurement (Scotland) Regulations 2016
    - Sustainable Procurement
    - Equality Act 2010
  - Have a clear basis for the procurement route selected for all contracts awarded.
  - Ensure sustainability principles are embodied within all procurement activities.
  - Evidence value for money when purchasing goods and services
  - Ensure compliance with the Financial Control Framework, The Good Governance Guide and adherence to the Scheme Authorisation and Approval when undertaking procurement activities.
  - Ensure all procurement activities are undertaken in a non-discriminatory way that promotes and advances equality in opportunities.
  - Maximise the benefits to the communities we operate within through our procurement activities.
  - Ensure Hanover employees are properly trained and adequately supported prior to undertaking procurement activities.
  - Ensure all specifications are clearly defined in the scope and the standards of quality have been included.
  - Promote continuous improvement in the development and execution of all procurement activities.

**Commented [CE1]:** After the Brexit, the UK introduced a new legal framework for public procurement under the **Public Procurement (Amendment) Regulations 2020** and the **Procurement Bill** (which is fully enacted as the **Procurement Act 2024**). These laws set out the rules for public sector procurement in England, Wales, Scotland, and Northern Ireland

### 3. Procurement Plan

- 3.1 The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and review a procurement plan (formerly our procurement strategy) annually.
- 3.2 The procurement plan underpins this policy and sets out our Procurement objectives and aims to demonstrate a clear and structured approach to procurement activities outlining what will be done and when to deliver quality, price, experience, and specialist knowledge in order to achieve best value.

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3.3 Alongside the Procurement Plan an Annual Procurement Report will be produced that will be produced in accordance with Section 18 of the Procurement Reform (Scotland) Act 2014.

### **4. Responsibilities**

4.1 The ELT are responsible for ensuring that procurement strategy, procedures and responsibilities are clearly set out and understood by all employees.

4.2 It is the responsibility of our employees to comply with the procedures set out in the Procurement Manual and ensure that procurement activity within their business area demonstrates value for money, is conducted ethically and in accordance with law and the Hanover's financial regulations.

4.3 Procurement performance and delivery will be subject to internal audit processes, which are reported to the Audit Performance and Risk Committee at regular intervals in line with the agreed internal audit timetable.

### **5. Risks**

5.1 Any potential risks arising from a contract should be assessed on a case-by-case basis. Hanover's approach to risk management is set out in the Policy on Risk Management.

### **6. Tendering**

6.1 Details of the thresholds, relevant detailed procurement procedure, timescales and required advertising on Public Contracts Scotland portal can be found within the Procurement Manual and are detailed within the Procurement Plan.

6.2 Where the works are highly specialised or there is a limited contractor/supplier base appropriate justification for the procurement process must be agreed with Director of Strategic Finance or the Chief Executive and supported by a Single Tender Justification form.

6.3 A record of the complete procurement process will be documented to provide a full audit trail supporting fairness and transparency.

### **7. Contract Management**

7.1 Forming part of the Financial Control Framework and as one the key financial regulation documents the Contract Management Framework provides a comprehensive all-encompassing framework covering all aspects of the management of contract at Hanover.

7.2 The framework provides a standardised approach and detailed guidance on Contract and Supplier management, defining clear ownership for operational day to day management throughout the life cycle of a contract. This supports the monitoring and management of contractor and supplier performance to ensure Hanover obtains Value for Money from the contract and the end users receive a good standard of service or works.

### **8. Review**

8.1 The policy will be reviewed every three years or earlier as required.

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### Corporate Procurement Plan

#### 9. Purpose of the Plan

- 9.1 At Hanover, we believe that delivering the best for our residents and the communities in which they live should be at the heart of everything we do. How we spend our resources and how we procure goods and services is a key part of helping us to do that.
- 9.2 The Corporate Procurement Plan provides a framework for all procurement activity across the Hanover, but also clearly communicates the procurement approach to staff, partners, suppliers, and stakeholders.
- 9.3 The plan will support Hanover's purpose which is:  
***To help older people feel safe and secure at home and to live fulfilling and independent lives.***
- 9.4 The plan will be reviewed and updated annually to ensure compliance with relevant legislation, organisation's goals, and stakeholder's feedback.
- 9.5 [The Procurement Manual](#) is a separate document setting out the processes and procedures applying to all procurement activities undertaken by Hanover. Procurement begins when a need to buy is identified and is the process of acquiring goods, services and works from external suppliers or in-house providers at best whole life costs, in the right quantity, at the right quality, at the right time, in the right place. It provides the best service for the benefit of Hanover and its customers and continues throughout the management of the contract.

#### 10. Procurement Vision and Outcomes

- 10.1 Our procurement vision is:  
***To achieve excellent procurement performance through innovative and sustainable approaches which benefit our residents and the communities in which they live.***
- 10.2 Hanover's approach to procurement also focuses on delivering three outcomes:
- Our **customers** lives are enhanced because of how we procure goods and services.
  - Our **carbon footprint** is reduced because of our approach to procurement.
  - The **communities** in which we operate benefit from our approach to procurement.

#### 11. Key Drivers

- 11.1 As well as delivering the vision and outcomes outlined about, procurement is driven by legislation. Hanover's procurement actively is guided by:
- Procurement Reform (Scotland) Act 2014
  - Public Contracts (Scotland) Regulations 2015
  - Procurement (Scotland) Regulations 2016

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11.2 All procurement activity at Hanover will comply with the European Union principles of:

- Accountability;
- Integrity;
- Efficiency;
- Openness;
- Fairness;
- Transparency;
- Sustainability;
- Equal treatment and non-discrimination;
- and Proportionality.

As well as Hanover's own guiding principles as detailed in the Procurement Policy.

### 12. Hanover's Procurement Objectives

12.1 The Hanover approach to procurement is guided by the following objectives:

- We deliver **value for money**
- We adopt **fair and ethical practices**
- We ensure **sustainable procurement**
- We **invest in communities**
- We are **customer focused**
- We comply with **health and safety** requirements
- We **manage risk** effectively
- We promote **climate and circular economy**

12.2 **Value for Money** - We respect that most of our expenditure comes from rental and service charge income, and we have a duty to provide value for money to our customers. At every opportunity we will consider whether we are getting the balance right between quality and cost. Whilst we recognise that we must maximise opportunities for delivering efficiencies, it is essential that we balance short term savings against longer term costs to deliver value for money. We will do this by:

- Considering whole life costs and quality as part of regulated procurements;
- Encouraging the use of Framework Agreements;
- Ensuring effective contract and supplier management so that business is conducted professionally, and contractors comply with environmental, social and employment law throughout the life of a contract.

12.3 **Fair and ethical practices** - We have an obligation to ensure that the fairness that we promote internally is also encouraged amongst contractors and the supply chain. We will do this by:

- Promoting payment of the Real Living Wage throughout the supply chain for all procurement Activity;
- Making payments to contractors within 30 days of invoice wherever possible and requiring contractors make payments to any sub-contractors within 30 days of invoice wherever possible;
- Ensuring suppliers can demonstrate fair and ethical practices.

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- 12.4 **Sustainable procurement** - We will strive to reduce our carbon footprint and support the Scottish Government's ambition to be a net-zero society by 2045. We will do this by:
- Reducing travel and transportation by using local contractors and suppliers wherever possible;
  - Requiring the use of sustainable products and materials in tender specifications wherever possible;
  - Promoting a culture of reduce, re-use and recycle amongst our contractors. Where food is procured, we will consider the environmental impact of production, supply and packaging and encourage the highest standards of animal welfare.
- 12.5 **Invest in Communities** – We have the opportunity to use our buying power to benefit the wider communities in which we operate. We will do this by:
- Implementing the use of community benefits clauses to support investment in community facilities;
  - Identifying local projects/initiatives, where investment might support us to meet our purpose as well as delivering benefits to local communities;
- 12.6 **Customer focused** – We will use our approach to procurement to deliver value for money to our customers, focusing on what matters most to them. (Procurement's customers are the various departments within Hanover, should this be the focus procurement has to ensure they can deliver some of the customer service here. We will do this by:
- Understanding what matters to our residents by engaging on business plan and investment priorities;
  - Through Hanover's Customer Engagement Strategy, involving customers in developing tender specifications where appropriate;
  - Promoting excellent customer service amongst our contractors;
  - Using community benefit clauses to support customers' priorities.
- 12.7 **Health and Safety** – We will promote compliance with the Health and Safety at Work etc Act 1974 throughout our supply chain. We will do this by:
- Seeking assurances from suppliers that compliance will be maintained throughout the life of any contract;
  - Where appropriate, using internal health and safety expertise to support this compliance.
- 12.8 **Manage Risk** – We identify procurement related risks as part of the Association's approach to risk management. We will do this by:
- Managing procurement risks in line with our Risk Management Policy and Procedures;
  - Reporting these to the Audit, Performance and Risk Committee as part of our corporate risk management approach.
- 13. Structure, Roles & Responsibilities**
- 13.1 Hanover has a centralised Procurement Team which is responsible for the following: Development and monitoring of the Corporate Procurement Plan;
- Preparation of the Hanover's Annual Procurement Report;

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- Identification and maintenance of procurement risks and reporting of these to Strategic Finance for inclusion in the Corporate Risk Register.
- Carrying out all procurement over £30,000 for Supplies and Services and £50,000 for works;
- Overseeing all procurements across the organisation;
- Oversight of supplier relationship management.

- 13.2 The Corporate Procurement Plan and all policy documents will be presented to the Board for approval. The Procurement Manager will work with the Director of Strategic Finance to ensure that Hanover has policies and procedures in place to comply with procurement regulations.
- 13.3 The Executive Leadership Team will be responsible for ensuring that all purchasers in their business areas are aware of the Corporate Procurement Plan and they will ensure compliance with relevant procurement processes and procedures to ensure best value for money.
- 13.4 Purchasers (staff with purchasing authority) will be responsible for complying with relevant purchasing processes and procedures and seeking help from the Procurement Manager (Procurement) throughout the procurement process, if necessary.
- 13.5 The purchasing levels of each member of staff are regularly reviewed and detailed in the Scheme of Authorisation and Approval.

### 14. Procurement Key Performance Indicators

- 14.1 It is important to agree on key performance indicators (KPIs) which can be used in measuring the success of the implementation and compliance of procurement best practice across Hanover.
- 14.2 The list of current KPIs is provided in **Appendix A**. The list will be developed once the review of all procurement documentation and templates has been completed.

### 15. Conclusion

- 15.1 The Corporate Procurement Plan and Procurement Improvement Plan supported by our Procurement Manual provides the framework for Hanover to facilitate the achievement of its objectives and meet its vision for procurement with targets for implementing processes and procedures for ensuring best practice and best value.
- 15.2 To ensure superior performance in procurement is achieved the continuous improvement and the development of purchasing within Hanover must continue. It is important that there is support from all areas of the business to adopt the templates and documentation for this process. This is supported by the new digital processes that have been designed within the intranet which will ensure we have a single point for end-to-end procurement that enables effective and efficient processes to aid those procuring good, services or works.
- 15.3 To support best practice and continuous improvement in our procurement activities the Procurement Service Improvement Plan details the priority actions to be undertaken to achieve each objective and forms part of the Delivery Plan and Service Improvement Plan Framework, in addition it is also included within our Annual Procurement Plan.
- 15.4 The thresholds for services, goods and works are attached within **Appendix B**.



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### Appendix A – Procurement Key Performance Indicators

Key Performance Area	Measure
Procurement Savings	Focus on 2024/2025 will be on reducing non-contracted spend and for
Compliance with procurement legislation (and best practice)	No legal or official challenges regarding procurement process
Supplier satisfaction with procurement process	95% of suppliers satisfied
Contract compliance	97% of suppliers successfully completing contract. No contracts terminated due to poor performance.
Customer satisfaction with performance of contractor	95% of customers satisfied with contractor performance
Supplier base	Review and reduce the number of suppliers target will be 2% of the purchase ledger

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### Appendix B - Procurement Thresholds

#### Hanover Procurement Thresholds and Procedures for Goods/Services

Total Value of Contract (Exc. VAT)	Procurement activity	Typical timescales	Tender Report Required	Scottish Government's Procurement Journey
Under £10,000	Direct instruction but seeking value for money and considering current market prices.	N/A	No	Detailed guidance and template documents can be found in Route 1 of the Procurement Journey.  <a href="https://www.procurementjourney.scot/rote-1">https://www.procurementjourney.scot/rote-1</a>
£10,000 - £20,000	Three quotations requested. Two acceptable if satisfied is value for money by reference to similar work previously carried out.	N/A	No	
£20,000 - £30,000	Three written quotations requested. Two acceptable if represents value for money.  Direct award up to £30k may be made by using single tender justification form.	N/A	Yes	
£30,001 - £50,000	Competitive tender through the PCS Quick Quote function.	7 – 30 days	Yes	Detailed guidance and template documents can be found in Route 2 of the Procurement Journey.  <a href="https://www.procurementjourney.scot/rote-2">https://www.procurementjourney.scot/rote-2</a>
£50,001 - £214,904	Competitive tender through the PCS portal inviting UK based suppliers to tender. Award criteria and weightings decided by commissioning manager.	1 - 3 months	Yes	
Above £214,904 (goods/services) or £5,372,609 (works)	Full EU wide tender using Public Contract Scotland for issuing contract notice/SPD/ITT/clarifications/ contract award notices.	4 - 6 months	Yes	Detailed guidance and template documents can be found in Route 3 of the Procurement Journey.  <a href="https://www.procurementjourney.scot/rote-3">https://www.procurementjourney.scot/rote-3</a>

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### HSHA's Procurement Thresholds and Procedures for Works

Total Value of Contract (Exc. VAT)	Procurement activity	Typical timescales	Tender Report Required	Scottish Government's Procurement Journey
Under £30,000	<p>Direct award while insuring value for money and consideration for market conditions.</p> <p>Direct award up to 30k may be made by using single tender justification form</p>	N/A	No	<p>Detailed guidance and template documents can be found in Route 1 of the Procurement Journey.</p> <p><a href="https://www.procurementjourney.scot/route-1">https://www.procurementjourney.scot/route-1</a></p>
£30,001 - £100,000	<p>Three written quotations requested with set return date deadline demonstrating value for money via Public Contract Scotland Quick Quote</p> <p>Direct award up to 50k may be made by using single tender justification form</p>	1-30 days	No	
£100,001 - £250,000	Competitive tender via Public Contracts Scotland Quick Quote or Open Procedure can be used	7 – 30 days	Yes	
£250,000 - £5,372,609	Competitive tender through the PCS portal inviting UK based suppliers to tender. Award criteria and weightings decided by commissioning manager.	1 - 3 months	Yes	<p>Detailed guidance and template documents can be found in Route 2 of the Procurement Journey.</p> <p><a href="https://www.procurementjourney.scot/route-2">https://www.procurementjourney.scot/route-2</a></p>
£5,372,609 (works)	Full UK wide find the tender using Public Contract Scotland for issuing contract notice/SPD/ITT/clarifications /contract award notices.	4 - 6 months	Yes	<p>Detailed guidance and template documents can be found in Route 3 of the Procurement Journey.</p> <p><a href="https://www.procurementjourney.scot/route-3">https://www.procurementjourney.scot/route-3</a></p>