



**Lincolnshire Housing Partnership  
Procurement Standing Orders  
July 2023**

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## SECTION 1: OVERVIEW

### Introduction

- 1.1 The purpose of the Procurement Standing Orders is to provide a series of internal rules for Lincolnshire Housing Partnership (LHP) which ensure the Company's purchasing decisions are undertaken in a consistent manner. These rules are necessary so that LHP can:
  - Further its corporate objectives
  - Use its resources efficiently and effectively
  - Evidence Value for Money through its procurements
  - Safeguard its reputation from any suggestion of impropriety or dishonesty; and
  - Act Lawfully.
- 1.2 The Procurement Standing Orders help to ensure that LHP procures its supplies, services, and works in a fair, efficient, and economic manner.
- 1.3 The Procurement Standing Orders form part of the wider constitution comprising standing orders and financial regulations.
- 1.4 Procurement is about obtaining the most competitive rates and value for money from external suppliers, for the goods, services and works necessary to support LHP, in delivering its services to residents.
- 1.5 It is important to note that procurement goes beyond financial efficiencies, of which are identified in the companies Procurement Framework, However, these objectives need to be carefully balanced with achieving value for money.

### Scope

- 1.6 These Standing Orders apply to all purchases of works, services or supplies by LHP. Where these Standing Orders refer to "suppliers", this also includes service providers (as applicable).
- 1.7 Every decision that involves LHP employees making a purchase from an external supplier is a procurement decision. It is not just about LHP's big spend areas (e.g., the repairs and investment programme), it is about raising awareness of good procurement practices across all of our external expenditure. This means thinking through the available choices and their associated consequences before committing to a purchase. Naturally, there will be greater focus on those areas of spend which are of higher value, of greater risk or offer opportunities for improvement. The starting point for any procurement decision should be whether, or not, the purchase is genuinely necessary. It is also essential to confirm that a budget exists for the purchase.
- 1.8 All LHP employees responsible for making procurement decisions will be required to ensure that their decisions are consistent with the Procurement Framework, Procurement Policy and Procurement Standing Orders, this will be of particular relevance to individuals who have significant procurement responsibilities as part of

their wider job role. Compliance with the organisations Procurement Standing Orders is mandatory for LHP Employees.

## **Purpose**

- 1.9 The Procurement Standing Orders are intended to ensure LHP remains compliant with legislative requirements regarding Procurement, to support the delivery of regulatory requirements and most importantly to reinforce LHP's commitment to delivering value for money for customers, potential customers, and other stakeholders.
- 1.10 A key issue regarding LHP's procurement activity is the requirement to comply with all relevant procurement law when awarding contracts. Procurement Law specifically regulates the award of contracts above certain value thresholds. Certain contracts also need to be advertised to potential suppliers electronically and the contract award process is required to follow set procedures and specific timescales.
- 1.11 All of LHP's contract awards, regardless of their value, are subject to principles which are set out in the Public Contract Regulations (PCR2015). These require that contract awards follow principles of no-discrimination, equal treatment, and transparency.

## **Regulatory Requirements**

- 1.12 The regulatory framework for Social Housing in England from April 2012 (Revised in March 2020).
- 1.13 The Regulator for Social Housing (RSH) regulatory framework requires that all registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent, and accountable manner.
- 1.14 They must:
  - Adhere to all relevant law
  - Comply with their governing documents and all regulatory requirements
  - Be accountable to tenants, the regulator, and relevant stakeholders
  - Safeguard taxpayers' interests and the reputation of the sector
  - Have an effective risk management and internal controls assurance frameworks
  - Protect social housing assets
- 1.15 In addition, the Value for Money Standard require registered providers to articulate and deliver a comprehensive and strategic approach to achieving value for money in meeting their organisations objectives.

## **Legislative Requirements**

### **1.16 Procurement Rules**

LHP is legally bound to comply with the requirements of the Public Contract Regulations 2015; this legislation is known as Procurement Law.

The Public Contracts Regulations 2015 (PCR 2015), are designed to give all potential suppliers a fair chance of bidding for, and winning, contracts. Any contract with a potential value over the current tendering thresholds must be advertised via the Find a Tender Service procurement portal.

The rules identify aggregate contract value tendering thresholds and prescribe procurement practice and procedure to be followed where the rules apply. The procurement thresholds can be found on the Procurement BaseCamp page.

1.17 The thresholds are updated every 2 years on 01 January.

1.18 PCR 2015 specify how contracts should be valued for the purposes of the tendering thresholds. In summary:

- The value of a contract for works is the total amount payable for those works over the whole life contract, including the value of any services or free issue materials made available
- The value of a contract for services is the value of those services over 4 years, or over the life of the contract if it is for less than 4 years
- The value of a contracts for the purchase of goods (supplies) is the value of all goods that are to be purchased under it
- The value of a contract for the hire of goods is the value over the life of the Contract if it has affixed length, or over 4 years if it is an indefinite contract
- The value of a framework agreement or dynamic purchasing system is the maximum estimated value of the contracts that may be let, or purchases made under it

1.19 These thresholds do not apply just to the contract being procured, but also to other contracts whose values are aggregated with it for the purposes of identifying whether the total value is above the tendering threshold.

1.20 As well, as valuing an individual contract, it must be considered whether the value of that contract has to be aggregated with the values of other related contracts, so that if their combined value is over the relevant tendering threshold, a procurement process is required for the contract that is being procured. The procurement rules aggregate together:

- The value of all works contracts that relate to a single work (for example, works to a single building or separate contracts for a single programme of works).
- The values of all supplies or service contracts to meet a single requirement.
- The value of all supplies or services contracts for suppliers or services of the same type that are regular in nature signed within a twelve-month period. This value is determined either by aggregating the actual values of all contracts for similar types or services or supplies in the previous twelve months or aggregating the estimated value of such contracts in the coming 12 months.

- 1.21 If the aggregate value of the contract and all contracts whose values are aggregated with it is above the relevant tendering threshold, then that contract must be procured by a formal procurement process under PCR 2015. Where there is any doubt as to the value of any contract or the application of the aggregation rules, advice should be sought.
- 1.22 The thresholds must be considered when any significant procurement within LHP is planned.
- 1.23 The use of framework agreements or dynamic purchasing systems (DPS) may remove the need for advertising requirements via the Find a Tender Service website. The framework/ DPS processes should be followed at all times to ensure compliance with procurement regulations.
- 1.24 The procurement standing orders allow for direct awards to be made via framework agreements, without the need for multiple quotes. This should only occur when a direct award is possible via the chosen framework agreement.
- 1.25 Before applying the above threshold procurement procedures, further guidance must be sought from the Procurement Business Partner.
- 1.26 It is beyond the scope of the Procurement Standing Orders to cover the detailed requirements of Procurement Law. Employees are not expected to be aware of the full details of these obligations. However, employees with procurement responsibilities as part of their job role should develop a basic awareness and advice is always available from the Procurement Team.
- 1.27 In the event of any contradiction between the requirements of Procurement Law and the Procurement standing orders, the obligations of Procurement law shall take precedence.

### **Consultation of Leaseholders on Service Charges**

- 1.28 When procuring any goods, works or services where the cost is to be recharged to Leaseholders or tenants who pay variable service charges (i.e. Service Charges which vary according to the costs incurred) LHP should consider whether those leaseholders or tenants (referred to in this document as leaseholders) needs to be consulted formally on those contracts in accordance with the Landlord and Tenant act 1985 (LTA 1985) and the Service Charges (Consultation Requirements (England) Regulations 2003 (the service charge regulations).
- 1.29 In order for service charges to be recoverable from Leaseholders:
  - Those service charges must be reasonably incurred
  - The works/ services provided must be of a reasonable standard
  - The lease or tenancy agreement must allow them to be recovered from leaseholders
  - Where the amount being recovered is above certain threshold figures, LHP must

either formally consult leaseholders on those service charges or get a dispensation from the First Tier Tribunal (Property Chamber) (formally known as the Leasehold Valuation Tribunal) from doing so.

1.30 Formal Leaseholder consultation is needed where LHP procures:

- A Qualifying Long-Term Agreement (QLTA) i.e., any agreement lasting for more than 12 months, although there are expectations for agreements with subsidiaries for which any leaseholder will be charged more than £100 in service charges in a 12-month period; or
- Qualifying Works for which any leaseholder will be charged over £250 in service charges in relation to a particular programme of works.

1.31 The consultation requirements are set out in the following schedules to the service charge regulations:

- Schedule 1- for a QLTA that does not need to be tendered via Find a Tender Service e.g., because its value is below the applicable tendering threshold
- Schedule 2 – For a QLTA that must be procured via the appropriate procurement process
- Schedule 3 – for qualifying works done under a QLTA (following a schedule 1 or schedule 2 consultation to set up the QLTA)
- Schedule 4 – Part 1 – for qualifying works not done under a QLTA that have to be tendered via the appropriate procurement process; or
- Schedule 4 – Part 2 – for qualifying works not done under a QLA that do not have to be tendered via the appropriate procurement process

1.32 There are minor differences between the consultation requirements set out in these different schedules. Care is required to ensure that the correct consultation route is followed.

1.33 For Procurement over threshold, it is important to note that the first consultation notice has to be served within a minimum of 30 days prior to submitting the procurement notice.

1.34 Most of the consultation routes allow LHP to simplify the notices by telling leaseholders where they can inspect relevant documents, rather than including full details in the notices that are served on leaseholders. All notices under these procedures must also be served on recognised tenants associations.

1.35 In conjunction with the association of London Government, LEASE has issued guidance on section 20 consultation. This guidance includes checklists and model notices for each type of consultation. These model notices provide a good starting point for LHP's own leaseholder consultation. However, there is flexibility to tailor them to LHP's own style of communicating with its residents. Making the leaseholder consultation materials as user friendly as possible, through plain English and clear financial information, can

reduce the risks of non-recovery.

- 1.36 Failure to consult properly may result in LHP being unable to enforce the collection of service charges above these amounts. A dispensation is likely to be given, as long as leaseholders have not been prejudiced by the procurement route used. However, this will mean LHP having to meet legal costs (their own and those of the service charge payers) of going to tribunal.
- 1.37 Underpinning this need for consultation is an undertaking given to Leaseholders that no new services would be introduced and recharged without consultation prior to procurement.

## **Probity and Ethics**

- 1.38 LHP is committed to achieving the highest standards of probity and good governance in all of its activities. All employees shall uphold the standing of LHP by maintaining the highest standard of ethical behaviour when dealing with suppliers.
- 1.39 LHP's Anti- Bribery Policy and Anti-fraud and Corruption Policy are particularly relevant to its procurement activities.
- 1.40 Conflicts of interests shall be managed according to LHP's Probity (Payments and Benefits) Policy procurement decisions shall never be taken for the personal gain of employees. The Employee Code of Conduct must be followed on all occasions.
- 1.41 For each Competitive Procurement Exercise, employees are required to review their Register of Interest's declaration form for employees to ensure that there have been no material changes to their annual declaration and if so, to amend their declaration.

## **Bribery**

- 1.42 LHP has a commitment to a high level of ethical and moral standards and actively works to prevent and detect instances of bribery and / or suspected bribery. LHP has a zero-tolerance approach to bribery and any instance may lead to criminal investigation and / or disciplinary action.
- 1.43 A person commits an offence of bribery under the Bribery Act 2010 by giving, promising, or offering to give a financial or other advantage to another person with the intention of inducing them to perform a relevant function or activity improperly. The offence is also committed where the person offering the advantage knows that if the advantage is accepted this in itself would constitute improper performance of a relevant function or activity.
- 1.44 The offence of being bribed can also be committed by a person requesting, agreeing to receiving or accepting a financial or other advantage in return for performing a relevant function or activity improperly or through performing a relevant function or activity improperly on the expectation of receiving a financial or other advantage.
- 1.45 In every contract that is let, there is a clause empowering LHP to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor has been responsible for or authorised or allowed any



bribe.

### **Modern Slavery Act**

1.46 The Modern Slavery Act 2015 (MSA) requires commercial organisations with an annual turnover of £36 million to publish a statement for each financial year stating: “the steps that the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place: in any of its supply chains and in any part of its own business”.

1.47 The MSA applies to LHP as the organisation meets the reporting thresholds. . In order to be able to report positively on the steps that LHP has taken in relating to its supply chain, LHP should therefore include terms in its contracts requiring its suppliers to:

- Warrant that they and their senior people have not been convicted of any offence involving slavery or human trafficking
- Take appropriate steps to ensure that there is no slavery or human trafficking in their own supply chains (including an obligation to ensure that its subcontractors include similar provisions in relation to slavery and human trafficking).

## SECTION 2: PROCUREMENT APPROACH

### Authority to Purchase

2.1 The authority necessary for employees to make purchases on behalf of LHP is split into two separate and distinct aspects.

Delegate Procurement Authority - This is the authority required to undertake any procurement exercise up to the point just prior to committing LHP to making the purchase

Procurement Commitment Authority - This is the authority required to subsequently commit LHP to making the purchase (i.e., authorising release of a purchase order; or signing a contract; or making any other similarly binding commitment on LHP's behalf

2.2 All Employees have delegate procurement authority providing that their manager has agreed they have procurement responsibilities as part of their job role. Managers should ensure that employees undertaking procurement activities have the sufficient knowledge, skills, or experience to perform such activities.

2.3 By contrast, only employees holding 'enter into Contracts' and 'placement of orders' authority in accordance with the Delegation Schedule have procurement commitment authority. Employees without procurement commitment authority shall escalate the proposed purchase to a member of employees with the necessary authority before any purchase can be made on behalf of LHP.

2.4 It is very important to clearly distinguish the two types of authority. Only employees with procurement commitment authority can enter into commitments with suppliers on behalf of LHP.

2.5 All purchases must be undertaken within the available financial resources and approved budgets of LHP. It is essential that an approved budget is identified before a purchase order is placed and/ or a contract is entered into on behalf of LHP.

2.6 Procurement can involve complex technical provisions and detailed legal rules. These are particularly relevant to HIGH Value and HIGH-RISK purchases. Failure to comply with the requirements of the Procurement Standing Orders can potentially have serious consequences for LHP and amount to a breach of the Employee Code of Conduct. If you are in any doubt regarding these rules, then you must seek assistance for the Procurement Business Partner.

2.7 Before requesting quotations, going out to tender or to entering into any contract, the Executive Director or delegated deputy must ensure that he/ she has been authorised to incur expenditure on the work or supply of materials or services in questions and that there is sufficient budget available.

2.8 It is the responsibility of each Director to ensure that orders and procurements in their division are properly authorised, comply with legislation and regulations, and are carried out in accordance with procurement procedures.

2.9 It is the responsibility of all colleagues to adhere to the stated process and procedures.

## Application

- 2.10 The Procurement Standing Orders apply to all employees of LHP. They are relevant to employees with responsibilities for making purchases on LHP's behalf.
- 2.11 Procurement is any arrangement which will lead to LHP making payment to a third party (i.e., a supplier) in exchange for obtaining supplies, services, and works. This includes any hire, rental, or lease of supplies. Consultancy and agency labour should be considered as being within the scope of the definition of services.
- 2.12 All purchases made on behalf of LHP shall comply with the Procurement Standing Orders unless:
- An existing contract is used, and the scope allows for it (see Section 3)
  - A specific Exemption applies as per section 3
  - An authorised waiver has been secured as per section 3 Waivers
- 2.13 Purchases using a company credit card are required to comply with the requirements of these procurement rules.

## Procurement Principles

- 2.14 The following three key principles shall apply at all times when lead officers and project managers consider the most appropriate procurement method; all are of equal propriety and point 3 is mandatory.
1. Value for money
  2. Customer satisfaction
  3. Compliance

## Standard Processes

- 2.15 A range of standard procurement processes have been aligned to the Procurement Standing Orders. Key processes include a mixture of direct awards, low value procurement, request for quotations, Lincolnshire Housing Partnership tender processes, above threshold tender Processes, Mini Competitions via Frameworks and Works Tenders. The procurement procedures are detailed on the Procurement BaseCamp page and within the Procurement Policy/ Procurement Guidance documents.
- 2.16 The formal financial thresholds for procurement processes within LHP start at total contract values over £25k, as this is the value where regulatory requirements need to be followed
- 2.17 For procurements where the total contract value is below £25k, the appropriate procurement process can be decided by the procuring manager. Guidance can be obtained from the procurement team, best practice may be to perform soft market testing or obtain two or three quotations.
- 2.18 Procuring managers will be asked to confirm how they believe value for money has

been achieved through the low value procurements. This confirmation will be provided through the Value for Money form which will be completed and signed by the appropriate member of the Corporate Leadership Team (CLT).

2.19 In the event that the request is made by a member of CLT, a peer review is required, and the Value for Money form must be counter-signed by another member of CLT.

2.20 The Value for Money form is not required for purchases below the value of £5k.

### **Strategic Procurement**

2.21 All processes above £25,000 require a Requisition and must be completed by the individual responsible for the procurement. The requisitions will provide evidence of budget available and record the options of which route to market are available for the requirement for the purpose of audit.

2.22 Contracts with a value of £25,000 or more which are advertised publicly in any way must also be advertised on Contracts finder. This does not apply where specific suppliers are approached to quote and there is no public advertisement of the tender opportunity.

2.23 Where the contract is not advertised at least four suitable suppliers must provide a quote for the requirements.

2.24 All processes above £25,000 require a Request for Executive Approval form (RFEA) to be completed which provides the evidence of due diligence carried out in the procurement process. The Request for Executive Approval form must be signed by a member of the Procurement team and presented to the delegate authority for signature prior to awarding a contract. This will provide reassurance to the Delegate authority that all applicable Procurement rules have been adhered due to for the requirement.

2.25 Where the contract is advertised on contracts finder:

- All documents relating to the tender process must be available online and free of charge. (This includes the Invitation to tender, the award criteria, the contracts, the specification, and payment provisions)
- It must state an Estimated value of Contract
- Contracts with a value estimated to equal or exceed the applicable tendering threshold must also be tendered through a compliant tender process or either via direct award from an approved framework or mini competition via a framework.

### **Consultancy Contracts**

2.26 From time-to-time LHP may decide that external consultancy advice is required.

2.27 Consultants should only be appointed where it has been established that the work cannot be performed by an LHP colleague due to a lack of expertise or capacity.

2.28 The cost of appointing a Consultant must be contained within the budget for the service or project for which the Consultant is to be appointed.

2.29 A clear specification of requirements should be created with clear outcomes before

starting the appointment process. Every Consultant should be appointed under a written consultancy agreement, which should also be prepared before starting the appointment process. This should include monitoring arrangements and gateway reviews to ensure payments are aligned to the satisfactory completion of the required outcomes. LHP's standard form of Consultant appointment can be found at <https://lhp.sharepoint.com/:w:/s/Procurement>. This should be used for all Consultant appointments other than those where an Industry Standard Form (e.g., RICS, RIBA) is more appropriate or where the appointment is called off from a framework (where the form of appointment specified in the framework agreement should be used).

2.30 Before starting the process of appointing a Consultant, an assessment of the 'value' of the consultancy arrangement must be made. This 'value' is the total amount LHP expects to pay to the Consultant under the appointment (over its full duration). This must be a genuine estimate and should include a reasonable contingency for any extra or follow-on services that may be required or for potential cost overruns.

2.31 This 'value' should be calculated in accordance with PCR 2015 details of which are set out in the Legislative Requirements section of these Standing Orders. This value includes:

- the value of any work that is to be done after the Consultant's appointment has been novated (i.e., transferred to a third party – e.g., where an architect appointment is novated to a design and build contractor)
- all work which LHP pays for, even though these costs may be recharged to a third party
- any amount that could be paid under an option to extend the appointment or acquire optional extra services, where there is a contractual right to do so

2.32 It is also necessary to consider whether LHP will require similar consultancy services (services are similar where they are provided by the same type of Consultant e.g., quantity surveyors, PR Consultants) over the next 12 months. If so, the anticipated total amounts payable under all of those consultancy agreements that will be entered into over the next 12 months is the amount LHP must consider when deciding whether the consultancy agreement needs to be tendered under PCR 2015.

2.33 If the estimate of costs (excluding VAT) is above or close to the threshold value at which services need to be tendered under PCR 2015 (see the Legislative Requirements section of these Standing Orders), the appointing manager must discuss procurement options with the Procurement Business Partner.

2.34 Requirements must not be artificially split over a number of shorter appointments to avoid the requirements of PCR 2015.

2.35 In line with the Strategic Procurement elements of these Standing Orders, a Request for Executive Approval Form must be completed before entering any consultancy agreement with a value exceeding £25,000 to allow the agreement to be recorded on LHP's Contract Register.

- 2.36 Where a consultancy appointment with a value over £25,000 is advertised in any way (this applies to all circumstances other than where LHP approaches one or more Consultants directly for a quote or proposal) the appointment must also be advertised on the Contracts Finder website. Where this needs to be done, the notice will be published by the Procurement Team. This is in addition to any advertising of 'above threshold' consultancy appointments in the Find a Tender Service website under PCR 2015.
- 2.37 A former employee who has been granted early retirement or been given a redundancy package should not be appointed as a Consultant (other than through a tender process under PCR 2015 where they submit the most economically advantageous tender) unless:
- a minimum of 1 year has elapsed between the end of employment and their appointment as a Consultant; and
  - the appointment is approved by the Chief Executive who is satisfied that there is a clear and robust justification for the appointment of the former employee as a Consultant.
- 2.38 As soon as the procurement process is complete and before the Consultant starts work, the consultancy agreement should be signed and dated by both parties. This should be done in line with the Procurement Commitment Authority definition as set out in the Authority to Purchase section of these Standing Orders.
- 2.39 The Procurement Team must be notified of all consultancy appointments LHP enters into which have a value over £25,000 (whether or not they have been advertised beforehand). This is so LHP can include details of these appointment in the quarterly return LHP submits to the Contracts Finder website in accordance with PCR 2015. This also applies to Consultant appointments (of any value) called off from a framework agreement.

## **SECTION 3: USE OF EXISTING CONTRACTS, EXEMPTIONS, AND WAIVERS**

### **Use of existing contracts**

- 3.1 Before initiating a new competitive procurement exercise (i.e., obtaining quotations or tenders), the LHP contract register should be reviewed. Using the information on current live contracts, employees shall determine whether there is an existing contract which could meet their requirement. Where a suitable contract already exists and both points below are satisfied, this shall be used instead of commencing a new competitive exercise.
  - The PCR 2015 state that the scope of the new requirement must have been advertised in the PIN or Contracts Finder notice
  - The value of the new requirement must not exceed 50% of the original value of the awarded contract
- 3.2 If you intend on using an existing contract, then Procurement must be made aware of this and record it on the contracts register.
- 3.3 Employees should also assure themselves that the use of an existing contracts will provide value for money. This could simply involve a discussion with the relevant Contract Manager the first time the contract is used in order to confirm it is suitable for the types of purchase planned. It is acceptable to consider value for money in terms of the entirety of the contract, rather than as the level of the individual purchase.
- 3.4 An existing contract is only valid if it was completed in accordance with the procurement rules in effect at the time of its original award. If not, then the existing contract shall not be used, and a new competitive procurement exercise should commence.
- 3.5 Where an existing contract is both valid and offers value for money, there are no further obligations to comply with under the procurement rules except for the rules on authority to purchase and re-procurement.

### **Exemptions**

- 3.6 An exemption is available to cover a range of planned for and anticipated circumstances where competition is either not possible or not appropriate. Before an exemption provision can be used it needs to be validated.
- 3.7 An appropriate degree of research into the supply market should take place to determine whether suitable alternatives are available which could remove the needs for an exemption. This is an important qualification which applies to the use of any exemption. An exemption should only be used where it is genuinely in the best interests of LHP.
- 3.8 Before an exemption can be invoked, the total purchase value shall be calculated as per the guidance provided in the Procurement Processes Short Form Guide.
- 3.9 For exemptions with a total purchase value is between £25,000 and £75,000 the exemption record form shall be validated by any one of the following:

- Procurement Team;
- Head of Service (or equivalent senior manager); or
- Executive Director.

3.10 For exemptions where the total purchase value is above £75,000, the exemption record form shall be validated by any one of the following:

- Executive Director; or
- Chief Executive.

### **Exemption Circumstances**

3.11 For legal reasons and regulated purchases:

3.12 For regulated purchases which can only be made from a single supplier (public or private sector). For example, this includes television licences, fees for planning applications and court costs. These examples are included for indicative purposes and are not an exhaustive list;

3.13 For purchases which fall under the circumstances outlined in subsection 3 exclusions of the Public Contract's Regulations 2015;

3.14 For the appointment of legal counsel and expert witness in legal proceedings. This includes where this is requirement for insurance related purposes (e.g., liability disputes);

3.15 For purchase or contracts of an ongoing nature;

3.16 Where the supply is for the licencing, support of, or upgrade to existing IC hardware or software, which can only be offered by the original equipment manufacturer (OEM) or their nominated reseller

3.17 For agreements relating solely to the lease, acquisition, disposal, or transfer of land and / or existing property.

3.18 For services where the supplier has been nominated by the leaseholder and it is a condition of the lease that the services cannot be opened up to competition;

3.19 For circumstances of genuine emergency situation;

3.20 Where the requirement to undertake a competitive procurement exercise would prevent LHP from responding to situations identified in its major incident process which are of an urgent nature;

3.21 Where the requirement to undertake a competitive procurement exercise would pose an immediate risk to the health and safety, of damage to property, of financial loss or of reputational damage to LHP;

3.22 In the event that an existing supplier to LHP expectably ceases to trade as a short- term exemption is permissible to support LHP with securing continuity of supply. The exemption shall only be valid whilst a new supplier is appointed according to the full requirements of the procurement rules;



- 3.23 For circumstances necessary for the effective running of the company;
- 3.24 For the supply of utilities (Gas, Eater, Electricity etc.) to void and new development properties only;
- 3.25 For purchase made under schemes where all payments to suppliers on behalf of LHP will be fully compensated by external income streams paid by the third party direct to supplier;
- 3.26 For the provision of banking facilities and other financial service which cannot reasonably be the subject of a competitive e-procurement exercise in the opinion of the Director of Finance; or
- 3.27 Where the headings used to group exemptions only exist for categorisation purposes and cannot be sued to justify an exemption which is not specifically identified in the text.

### Waiver of Procurement Rules

- 3.28 The requirement to comply with the procurement rules can be waived by means of an authorised waiver where this would be advantageous to LHP. In contrast to exemptions, a waiver is an exceptional process and needs to be supported by a robust justification as to why the standard requirements of the procurement rules are not appropriate in a specific set of circumstances.
- 3.29 Waivers can be used to remove the need to undertake a competitive procurement exercise. They can also be used as a means to depart from the standards method of conducting a competitive procurement exercise.)
- 3.30 Waivers should only be sought in limited circumstances and they should genuinely be in the best interests of LHP. The use of Waivers is not appropriate where inadequate planning has taken place and there is insufficient time to undertake a competitive procurement exercise.
- 3.31 A waiver shall only be sought by completing the Waiver Request Form. No waiver shall be relied upon until the appropriate authorisation has been obtained. A waiver does not need to be sought if an exemption is already available. The Waiver Request Form provides examples of where a waiver may be considered to be appropriate.
- 3.32 Waivers can be approved from a procurement perspective by any member of the procurement team
- 3.33 Waiver shall be authorised as follows.

Total purchase Value	Authorisation of waiver
£25,000 - £100,000	Corporate Head of Service
£100,000 - £150,000	Executive Director
£150,000 - £threshold value	Chief Executive
£threshold value and above	Board

- 3.34 The authoriser should not be the same as the person requesting the waiver and should

be review by an appropriate person within limits.

3.35 The total purchase values shall be calculated by reference to guidance provided in the Procurement Standing Orders. All approved waivers shall be recorded in the waiver register held by the Procurement Team.

3.36 A list of approved waivers shall be provided to ELT on a monthly basis and the Board on an annual basis.

## **SECTION 4: CONTRACTS AND OTHER FORMALITIES**

### **Contracts Registers**

4.1 LHP maintains a Contracts Register in order to provide visibility of the arrangements which have made on its behalf. Following the completion of a Competitive Procurement Exercise, the Contracts Register shall be updated in accordance with any further instructions provided by the Procurement Team.

### **Contract Management**

4.2 The purpose of contract management is to maximise the financial and operational performance of contracts which have been awarded following a Competitive Procurement Exercise. Appropriate arrangements shall be put in place to ensure that there is suitable oversight of contracts awarded by LHP and this is the responsibility of the Contract Manager.

4.3 Contract Management activities should be conducted in accordance with LHP's Contract Management Guide.

### **Contract Extensions**

4.4 An option to use a Contract Extension can be taken where this was provided for in the original contract and does not exceed the maximum permitted extension period.

4.5 In order to take advantage of the option for a Contract Extension, the following requirements apply:

- The Contract Extension shall provide LHP with value for money and be in its best interests;
- Documentation and records shall be kept ensuring that details of the Contract Extension are appropriately maintained.
- The Contracts Register shall be updated to reflect the revised end date for the contract;
- A Competitive Procurement Exercise shall be scheduled so that the contract can be re-competed before the revised end date of the contract;
- When extending an existing contract in accordance with these requirements, there is no obligation to undertake a Competitive Procurement Exercise to cover the period of Contract Extension; and
- In the event that a Contract Extension also expands the scope of the original contract, the rules regarding Variation to Existing Contracts shall apply.

### **Variations to Existing Contracts**

4.6 Variations to existing contracts are permitted where they were allowed for in the original contract. For example, this can include pre-agreed formulas for price adjustments and minor amendments to service levels. This is not an exhaustive list of areas of potential areas for variations.

- 4.7 Where the proposed variation includes an expansion to the contract scope, approval shall be sought from the Procurement Team or the Company Secretary before the variation is permitted. Variations which involve an expansion to the contract scope shall only be approved if they are consistent with the Public Contract Regulations 2015 (Regulation 72) and the Court of Justice of the European Union's ruling in the Pressetext (C-454/06) case or any subsequent case law.
- 4.8 Advice should be sought from the Procurement Team in this regard for variations to any contracts with a Total Purchase Value above £25,000.
- 4.9 Where a contract variation is permitted, appropriate documentation shall be maintained so that the contract history and variations are adequately recorded.

### **Re-Procurement and Forward Planning**

- 4.10 For contracts or purchases where LHP has ongoing requirements beyond the initial contract or supply period length, adequate planning shall take place to ensure that appropriate re-procurement takes place when it is due.
- 4.11 The Contract Manager and the Procurement Team is responsible for ensuring that a new Competitive Procurement Exercise is commenced in sufficient time. Appropriate allowance should be made for the period of time required to mobilise a new supplier (if necessary) in order to achieve a successful transition with no gap in supply or service provision.