



Procurement Policy

Directorate: Governance, Risk & Assurance

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1. Introduction

- 1.1. This policy aims to provide clear direction and enable a coordinated strategic approach to procurement for Salix Homes.
- 1.2. The policy will ensure compliance with all legal and regulatory requirements and alignment to other policies and procedures of Salix Homes. Adherence to this policy will protect both the organisation and its employees against fraud, anti-bribery and malpractice, whilst supporting the delivery of the business objectives.
- 1.3. This policy will set out the guiding principles and strategic approach, with the detailed requirements set out in the Procurement Guidance document, which must be read in conjunction with this policy.
- 1.4. The policy applies to Salix Homes and its subsidiary companies, Salix Homes Developments Limited (SHDL) and Salix Living Limited (SLL).
- 1.5. This policy has been established to ensure a clear, consistent, and transparent application of best practice for all of Salix Home's procurement activity and to support colleagues in delivering this.
- 1.6. Salix Homes currently manages an annual expenditure on supplies, services and works in excess of £48m per annum. The way we manage our procurement and supply chain is critically important to our business, particularly in terms of the delivery of value for money, our reputation and our financial viability.
- 1.7. This policy, therefore, seeks to identify the procurement principles Salix Homes will adopt and outlines the overall strategic approach to be taken.
- 1.8. In all its procurement activities, Salix Homes will aim to deliver value for money (VfM), maintain/improve operational performance through the support of our supply chain, have good governance and controls and deliver all our procurement activities in a fair, open and transparent manner so we can achieve the best overall outcomes for our internal stakeholders and customers. Procurement will be carried out in compliance with all of relevant legislation and policies as set out in section 8.
- 1.9. This policy will support the Corporate Plan and the Financial Regulations.

1.10. We will adopt the following general procurement principles:

- Compliance with Government and other relevant legislation – notably the Procurement Act 2023
- All procurement is carried out under a consistent framework
- Procurement activities will take due consideration of the:
 - Corporate Plan and Objectives
 - Financial Business Plan and Budget
- Optimise Value for Money and Social Value in all procurement activities
- Maximise spending power by aggregating demand across the organisation
- Determine the best route to market:
 - Our own procurement
 - External frameworks
 - Collaboration with others
- Provide visibility of:
 - Procurement governance and adherence to this policy and Procurement Guidance
 - Supplier performance against their contractual commitments
 - The overall benefits achieved through procurement activities
- Maintain up-to-date contract records and a 3-year procurement/tender plan
- Ensure good procurement practices are maintained across the organisation
- Manage risks associated with procurement in line with our risk management strategy and ensure all procurement decisions take account of the relevant risks

2. The Policy

2.1. Procurement Directives, Legal & Regulatory Compliance

2.1.1. All procurement exercises will be assessed as to whether they are required to operate under the Procurement Act 2023 (applying to overall contract values which exceed the periodically updated thresholds – as set out in Appendix 2, which are accurate as of February 2024).

2.1.2. The Procurement team will review or take appropriate advice to ensure compliance with all procurement requirements, be that of a technical, legal or regulatory nature and will include keeping up to date with government procurement policy notices.

2.2. Salix Homes Procurement Guide (see separate document)

2.2.1. The underlying Procurement Guide must be fully adhered to. For the purposes of this policy, the following are mandatory, with more detail provided in the Guidance document:

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- Consideration shall always be given to the use of an existing contract before undertaking any procurement activity.
- Before commencing with a competitive procurement, a total contract value must be established, and appropriate procurement procedure then followed and in line with the table set out in Appendix 1 – Procurement Procedure Controls.
- All procurement project strategies and contract award reports must be signed and approved where appropriate.
- Only in limited circumstances should a contract be awarded without the appropriate level of competition and in all such cases a Waiver form should be completed, in advance of any contract award, and signed by the Strategic Procurement Manager and an Executive Director in line with the delegations of authority (DoA) as outlined in the Financial Regulations.
- All potential suppliers must first be assessed with the appropriate due diligence carried out and approved before they can be authorised to provide works, service or goods/supplies.
- For contract values exceeding £30,000, tenders must be evaluated using the Most Advantageous Tender (MAT) evaluation (this is a government led evaluation criteria and considers other areas and not just cost, such as social value, when evaluating proposals).
- Wherever possible, contracts awarded shall be subject to Salix Homes' standard terms and conditions. If other contract terms are to be used these must have been reviewed and approved in line with the DoA as outlined in the Financial Regulations.
- Existing contracts currently in operation may only be modified without a new procurement process in limited cases as outlined in the Guidance document and must on all occasions be approved by a member of the Procurement team.
- All procurement must be fair, open and transparent.
- Records of all quotation/tender, supplier submissions and evaluation documents kept, along with a full audit trail including internal sign-off approvals.
- When carrying out a procurement exercise, buyers should consider value for money, quality and operational performance, impact on our customers, social value, sustainability, equality and diversity, use of local suppliers and SME's where appropriate and possible
- We must always select the most appropriate and compliant route to market to deliver the best outcomes for Salix Homes and its customers. These routes are set out in the Guidance document and include:
 - Salix Homes' own tender exercises and RFQ's
 - Utilising Framework agreements

- Collaboration with other housing providers or relevant external parties

2.3. Contracts and commitments to contract with any supplier must be in line with budgets, the Financial Regulations and Delegation of Authority procedures.

2.4. Customer Involvement

2.4.1. Where considered relevant, Salix Homes will consult and involve our customers and other stakeholders for strategic procurement projects. This involvement may include supporting specifications and/or with the evaluation of the supplier tender responses.

2.5. Conflicts of Interest

2.5.1. Any person involved at any stage of a procurement must declare a conflict of interest in line with company policies as soon as they become aware of any supplier engaged or potentially engaged in the project where a conflict of interest may occur.

2.5.2. All members of a tender/quotation evaluation panel must complete a Conflicts of Interest form before evaluating and reviewing any of the supplier's submissions.

2.6. Contracts, Contract Management and Supplier Engagement

2.6.1. Consideration should be given to the full contract length when embarking on any new procurement exercise and this should be used when estimating the total value for a procurement exercise. This will then set the contract management, publication requirements, procedure and governance required, as set out in Appendix 1 – Procurement Procedure Controls.

2.6.2. Longer term contracts are generally favourable as they can provide consistency for financial forecasting, can lever more favourable terms, aids operational consistency, supports strategic supplier relationship management and gives more time back to the business. Short term tactical contracts may, however, be appropriate in some instances and the stakeholders along with the Procurement team must consider the most appropriate contract length before starting a new procurement exercise.

2.6.3. A Contract Award report must be completed for all new contracts with a value above £30,000 (incl VAT). Salix Homes must also publish on Contracts Finder all contracts with a value above this threshold.

- 2.6.4. As part of the contract execution and ending of the procurement project all new suppliers must be onboarded and approved by completing the New Supplier Form.
- 2.6.5. For all key procured contracts, provision of periodic (at least annual) contract reviews is mandatory. These shall be performed in accordance with the procedures in the Procurement Guide.
- 2.6.6. Salix Homes must recognise that significant dependency on a supplier or supplier' dependency on Salix Homes can create increased risk. Salix Homes will, therefore, seek to limit this risk by ensuring any exposure is understood during the procurement process.
- 2.6.7. The level of contract management required is based on the supplier segmentation score. The criteria for setting the segmentation score is set out in the Procurement Guidance document and must be completed as part of the Contract Award Report.

2.7. Value for Money, Social Value and Sustainability

- 2.7.1. Salix Homes is fully committed to improving the economy, efficiency and effectiveness of all its procurement activities and will incorporate the principles defined in the Value for Money Strategy (or equivalent) in all procurement activity.
- 2.7.2. VfM can be achieved by defining the optimum balance between price and quality, which may be different for each procurement exercise and should be assessed as part of the initial procurement business case. The Procurement Procedures contains a methodology to support this.
- 2.7.3. We will consider both social value and sustainability in all procurement activities, please see the Procurement Guidance for further detail. In particular:
 - We will ensure both local, national, small and medium enterprises, have the opportunity to compete for work alongside larger contractors. The achievement of, quality, operational efficiency and value for money on all such exercises is considered paramount.
 - We will consider on every strategic project the social value that can be delivered from our preferred supplier(s) and their sustainability credentials and that of their supply chain.

2.8. Probity (declarations, gifts, and hospitality)

- 2.8.1. In general, all our procurement activities will be based upon business relationships and processes and not be reliant upon personal relationships.
- 2.8.2. Salix Homes has a Probity Policy, an Anti-Fraud and Corruption Policy and an adopted Code of Conduct which should all be followed to ensure that all procurement activities are performed with the utmost probity and integrity. If in doubt, the Chartered Institute of Purchasing and Supply's Code of Ethics should be followed.
- 2.8.3. Procurement exercises must be carried out by a 'team' of individuals (i.e., a minimum of two colleagues, depending on the size/complexity of the exercise), to reduce the possibility of accusations of bias or impropriety.
- 2.8.4. Colleagues involved in procurement must declare to their line manager and Procurement team any interest held by themselves, directly or indirectly, by partners or immediate family in any company which supplies or is being considered for the supply of goods, works or services to Salix Homes. A Declaration of Interest form must also be completed.
- 2.8.5. Salix Homes colleagues should not be influenced nor be in a position where they may be perceived to have been influenced by the receipt of gifts or hospitality. Any offer of a gift or hospitality must be declared to the relevant line manager and the Procurement team and must be in line with Financial Regulations.

2.9. Governance, Reporting and Visibility

- 2.9.1. Salix Homes shall ensure there is organisational transparency in our procurement activities and aggregated spend levels shall be visible through monthly management accounts, set against the approved budget headings. Any savings (or additional costs) arising from procurement activities shall be declared and used to assess the appropriate budget for the following year.
- 2.9.2. The Procurement team will monitor compliance of the policy and guidance and will provide reports at an agreed frequency and to the appropriate panels and committees.
- 2.9.3. The Procurement team will maintain an up-to-date Contracts Register. It is the requirement of the Contract Manager and Service Leads to provide the Procurement team with any changes to or new contracts added.

- 2.9.4. The Procurement team will provide reports setting out the benefits achieved through procurement activities, spend by supplier for key/high value works and the ongoing suppliers' performance against their contractual commitments.

2.10. Embedding Procurement

- 2.10.1. We will ensure that all elements of procurement are embedded into the organisation by:
- Publishing the Procurement Policy and Procurement Guidance on the intranet
 - Raising awareness of the need to comply with Salix Homes' procurement requirements and the risks arising from not doing so through governance reporting.
 - Provide procurement training for all colleagues involved in procurement activities.

3. Monitoring / Performance / Targets

- 3.1. Salix Homes operates a centralised procurement model with a dedicated Procurement team setting the policy and guidance and reviewing its governance.
- 3.2. The procurement and suppliers' performance will be measured by:
- A set of key performance indicators that will be agreed each year
 - Outcome of internal audits on procurement
 - Performance of key suppliers against their contractual commitments

4. Risks

- 4.1. The key risks arising from non-adherence to this policy are:
- Bribery, fraud, and malpractice
 - Reputational and financial damage
 - Non-adherence to government legislation
 - Failure to deliver against the business objectives
 - Supply chain failure and disruption to business operations and continuity
- 4.2. Proposed mitigations to these risks through the proper application of this policy and supporting procedures are as follows:
- Providing training to all relevant personnel who carry out procurement and/or contract management
 - Provide governance and reporting against the adherence of this policy and guidance

- Provide performance reporting of all Tier 2 and 3 suppliers
- Completion and approval of procurement project strategy and contract award reports
- Maintain up-to-date contracts register and 3-year Procurement Plan
- Periodic internal audits on procurement activities, ensuring all recommendations arising are swiftly implemented

5. Roles / Responsibility

- 5.1. The Executive Director of resources is responsible for ensuring that procurement activities are carried out in accordance with this policy.
- 5.2. The Strategic Procurement Manager is responsible for the roll out of the Policy and that colleagues are aware of the requirements of the policy. The Strategic Procurement Manager is also responsible for ensuring that they and the Procurement team provide support and advice to colleagues, as required.
- 5.3. It is the responsibility of all colleagues carrying our procurement and/or contract management activities to understand and adhere to this policy and supporting procedures.

6. Equality, Diversity and Inclusion

- 6.1. Salix Homes is committed to promoting and embedding a culture of equality, diversity and inclusion (EDI) within our workplaces and the communities we serve.
 - Equality is about ensuring that every individual has an opportunity to make the most of their lives and talents;
 - Diversity is recognising difference and responding positively to those differences;
 - Inclusion is about creating an environment where our services and employment opportunities are accessible to all.
- 6.2. We are committed to meeting our obligations and duties under the Equality Act 2010 and to promoting equal opportunities both in the provision of services and in our employment practices. We will consider all the protected characteristics of the Act which are:
 - Age
 - Disability
 - Gender reassignment
 - Marriage and civil partnership
 - Race
 - Religion or belief
 - Sex

- Sexual orientation
 - Pregnancy and maternity
- 6.3. We also recognise that Socio-economic background is an area where inequalities exist and commit to addressing this disadvantage and inequality in our communities where able to do so.
- 6.4. We are also mindful of our duties under the Public Sector Equality Duty, which is to:
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.5. For all high value and strategic procurement projects, we ask suppliers 'adhere to Salix Homes Equality, Diversity and Inclusion Policy.' Salix Homes' commitment to EDI is reiterated and suppliers are asked to 'mirror this commitment'. As part of the pre-qualification exercise bidders are also asked to confirm if they have had a complaint upheld following an investigation by the Equality and Human Rights Commission or its predecessors. At its complete discretion Salix Homes can (would) exclude the bidder from the procurement exercise.

7. Related Legislation

- 7.1. Salix Homes has a duty to ensure that all its procurement activities are conducted in accordance with the following legislation:
- The Procurement Act 2023
 - The Health and Safety at Work Act 1974
 - The Data Protection Act 2018
 - The Freedom of Information Act 2000
 - The Bribery Act 2010
 - The Equality Act 2010
 - The Public Services (Social Value) Act 2012
 - Leasehold and Reform Act 2014 (section 20)
 - The Modern Slavery Act 2015
 - RSH Regulatory Framework

8. Related Documents

- 8.1. This Policy should be read in conjunction with the following:
- Corporate Plan
 - Financial Regulations

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- Procurement Guidelines
- Value for Money Strategy
- Social Value Policy
- Contracts Register
- Probity Policy
- Anti-Fraud and Anti-Money Laundering Policy
- Health & Safety Policy
- Data Protection Policy
- Modern Slavery Statement

Appendix 1 – Procurement Procedure Controls

Procurement Procedure	Under £5,000	>£5,000 to £50,000	>£50,000-FTS	Above FTS
Procurement Type	Min. 1 quote sought (2 advisory)	RFQ Min. 3 bids sought	Electronic RFQ/ITT, min. 3 bids sought	Formal FTS Process
Method	Email, Salix quote template, service to ensure full audit trail	Quote template/Rfx, service to ensure full audit trail	Formal RFx/ITT by use of electronic tendering following Salix Procurement Procedure	Formal tender by use of electronic tendering, following Procurement Procedure
Project Owner & Lead	Service	Service / Procurement	Procurement	Procurement
Procurement Involvement	Informed	Advise / Support	Lead / Support	Lead
Project Strategy	n/a	n/a	Required	
Contract Award Report		Required over £30,000 n/a		
Contracts Finder			Procurement	Procurement - FTS/OJEU notice & contracts finder

Appendix 2 – Procurement Act 2024 – Thresholds

Contract Type	Threshold Value (incl. VAT)
Supplies & Services (except subsidised services contracts)	£214,904
Works (including subsidised works contracts)	£5,372,609
Light Touch Regime for Services	£663,540