Procurement and Contract Management Policy

1.	**SCOPE**
	Purpose
1.1	Procurement activities are focussed on a contract lifecycle basis, ensuring delivery of: • whg's corporate objectives • Quality and value for money • Legal and Regulatory compliance • Best practice and innovation • Transparency, non-discrimination, and equal treatment of suppliers • Supply chain resilience
	Application
1.2	This policy applies to whg and its colleagues. It covers all procurement activity in regards to whg's supply chains and the obtaining of value for money in its widest sense in respect of the purchase of goods, services and works, including all of the following aspects: 1. Project initiation 2. Market engagement 3. Sourcing strategy 4. Sourcing process 5. Contract management 6. Contract exit and termination
	Context
1.3	In the hierarchy of organisational documents, this policy sits between (1) the high-level Procurement Strategy document and (2) the detailed process and procedure documents which set out how to conduct individual procurement or contract management processes.
1.4	From a legal perspective, it is whg's policy to ensure all procurement activities comply with procurement law. whg is defined as a "contracting authority" that must comply with procurement law. Procurement law sets out whg's obligations to treat suppliers fairly and on a non-discriminatory basis. Procurement law also defines the processes which must be followed by whg when it fulfils its requirements in the market.
1.5	From a regulatory perspective, it is whg's policy to ensure its procurement and supply chain activities fulfil the economic standards required by the Regulator of Social Housing (RSH). There are two economic standards relevant to this policy being (1) the Governance and Financial Viability Standard and (2) the Value for Money Standard. Broadly, the first standard requires that procurement activities are carried out in accordance with procurement law and the second standard relates to ensuring procurement and supply chain activities take place, taking into account the principles of economy, efficiency and effectiveness.
2.	**KEY ISSUES**

2.1	Before carrying out any procurement activity, colleagues shall identify high level output objectives for the requirement and estimate the annual value (including VAT). Consideration shall be made of wider whg need for commonly required goods, services and works (aggregated values) along with quantifying the period for the requirements prior to embarking upon any further procurement activities.
2.2	Where the estimated total contract value is £50,000 and above, colleagues must contact the Procurement Team before embarking on any further procurement activity.
2.3	For services, colleagues should consider whether it would be appropriate for whg to purchase services or to provide those services itself. Colleagues could consider both advantages (for example, increased control or ability to vary services) and disadvantages (perhaps increasing whg's exposure to risk or restricting access to economies of scale). This is called the "make or buy" decision.
2.4	Colleagues must follow this policy for all requirements. The appearance of a supplier on whg's existing finance systems does not indicate (and colleagues must not assume) compliance with the procurement policy.
2.5	Before conducting any preliminary market engagement, colleagues must consult the Procurement team to ensure it is undertaken appropriately and on a fair and non-discriminatory basis. Pilots, trials or the application of scoring shall not be permitted.
2.6	whg shall have regard to national strategic priorities for public procurement set out in the National Procurement Policy Statement (NPPS). whg shall consider the national priority outcomes alongside any additional local priorities in their procurement activities in particular with regards to the environment (in parallel with whg's ESG policy) and enablement for SMEs (Small and Medium Enterprises).
2.7	whg shall have regard to the Social Value Act 2012. This shall include: • Helping to generate benefits to society and the economy including local communities where procurement activity allows; • Ensuring colleagues always consider social return on investment before, during and after procurement activity; and • Specifications, evaluation criteria and contract terms include requirements on suppliers to deliver social value linked to the subject matter of the contract requirements and which is proportionate to the contract value.
2.8	As whg is an ISO14001 compliant business, colleagues must ensure that all relevant procurement activity: • Complies with all applicable legislation, reflects the standards required in our Environmental Policy and our associated Environmental Management System; • Uses source from responsible and sustainable suppliers ensuring the environmental life cycle is considered; and • Green and sustainable options are promoted through specifications and evaluation criteria.
2.9	Environmental and social value matters must be considered and evidence of such consideration must be documented in each Sourcing Strategy.
2.10	Customers should be consulted and should have an influence in shaping the design of requirements for most services. Plans should be formed at this stage for involving customers in the procurement process wherever possible. For example, customers could

	be part of an evaluation panel. The Customer Engagement and Procurement teams should be consulted if this is planned, so that appropriate training and support can be arranged and consideration given to customer impact and equality impact assessments.
2.11	In addition to the annual conflicts of interest declaration required of all whg colleagues, those colleagues who are involved in market testing, designing the procurement process, specifying the requirement or evaluating tenders or any other colleague who can influence the outcome of a tender exercise must identify and declare any conflict of interest by submitting a conflict of interest declaration form for each procurement to the Procurement and Governance teams, prior to any procurement activity.
2.12	Conflict of interest assessments shall be undertaken throughout the procurement process with the first being completed before any procurement activity begins.
2.13	Where a procurement activity involves the processing of personal data, special category personal data, criminal offence data, or provides a third party with access to whg information systems, contract managers must complete a data protection pre-screening assessment and engage with the Data Privacy team at the earliest opportunity.
2.14	Where the pre-screening assessment identifies that further assessment is required, a data protection impact assessment (DPIA) must be completed in consultation with the Data Privacy team before a contract is awarded.
2.15	Contract managers must ensure that appropriate contractual data protection measures are in place before any personal data is shared, accessed or processed by a supplier. This may include specific data protection clauses within the contract, a data processing agreement, a data sharing agreement, or other information governance documentation, as appropriate.
2.16	No contract may be awarded, and no processing of personal data may commence, until all required data protection assessments have been completed and any required data protection controls have been implemented.
2.17	Contract managers are responsible for engaging with the Data Privacy team throughout the procurement process to ensure that data protection risks are identified, assessed, and appropriately managed.
2.18	These requirements are set out in whg's Data Protection Policy and associated procedures and support compliance with UK data protection legislation and relevant ICO guidance, including the ICO data sharing code of practice. The Data Privacy team have a service level agreement specifying timeframes for support; contract managers should take this into account when requesting the service.
2.19	Colleagues must act in accordance with whg’s values and behaviours whilst also ensuring that they are fair, open and transparent in the treatment of suppliers. All colleagues must act impartially in relation to supplier selection, tender evaluation and contract award to ensure protection from claims of fraud, corruption and collusion.
2.20	Suppliers’ commercial information, including bids, prices and terms, are confidential and must not be revealed to other suppliers or individuals outside whg. Colleagues should ensure such information is kept securely and only for the period of time required.

2.21	Colleagues should consider whether the services or works which are being procured will be recharged to customers or any leaseholders through a variable service charge. The law requires that any customer or leaseholder who is to be recharged through a variable service charge is consulted by whg before services and/or works above a certain value are carried out or whg enters into a long-term agreement for the provision of services and/or works.
2.22	Framework agreements do not entirely provide for compliance with leaseholder consultation requirements as they negate the ability for the leaseholder to nominate suppliers/contractors. Colleagues must consult the Head of Procurement in all cases where leaseholder consultation is or may be required and legal advice may be obtained as appropriate.
3.	**PROCUREMENT PRINCIPLES**
	Classifying the procurement and contracts
3.1	Each requirement will be categorised using the Contract tiering tool to take into account the estimated total contract value, complexity and risk. The contract tiering tool will classify the requirement as either gold, silver or bronze categorisation. Whilst estimated total contract value is important, it is not the only determinative as to categorisation.
3.2	The tiering process will help to identify highest priority suppliers with high-risk profiles, allowing contract managers to implement action plans in the event that key suppliers fail to deliver or compromise key sources of supply. This will prevent disruptions in supply and services, increased costs and customer dissatisfaction should a major disruptive event occur.
	Valuing contracts
3.3	Colleagues will estimate in writing the value of each requirement and must be prepared to demonstrate how the value was assessed. The value of a contract must: • take into account the value of the requirement over its total length, not just the initial or annual value; • Take into account the potential value of any options or extensions available in the contract; • Not be artificially reduced by splitting up the requirement into separate requirements; • Give consideration to and be based upon the values of existing arrangements where relevant; • Take into account any information obtained in any preliminary market engagement about costs; • Take into account any other information obtained, for example, from other housing associations or local authorities who have recently fulfilled similar requirements; and • Include VAT at the relevant rate applicable.
	whg procurement activity threshold
3.4	Colleagues must carry out procurement activities in accordance with the Procurement Route to Market Compliance Requirements set out at Appendix 1.

3.5	Before carrying out any procurement activity where the estimated contract value is £50,000 and above, whg colleagues must engage with the Procurement team at the earliest opportunity of identification of need. A sourcing strategy is required for all procurements with an estimated contract value of £50,000 and above. The Procurement team, in collaboration with the contract manager, will: • Produce a sourcing strategy documenting all of the elements for consideration which are set out at Appendix 2 (sourcing strategy requirements), considering commercial aspects, risk and sourcing options and to confirm the agreed procurement process; • Ensure the correct procurement procedure is followed and documentation is used; and • Make use of the e-tendering portal where appropriate (and legally required).
3.6	The format of the sourcing strategy is set out at Appendix 2.
	Exemptions from the Procurement and Contract Management Policy
3.7	An exemption from this policy must be sought by any colleague where: • Any colleague is proposing not to follow any part of this policy; • The required minimum number of quotations or tenders has not been received in accordance with Appendix 1 and despite this, the colleague wishes to continue to contract award; or • Where colleagues have underestimated the value of the contract and a different procedure should have been followed based upon the revised value.
3.8	Except in an emergency, exemption from any part of this Procurement Policy must have prior written approval of the following people: • The Corporate Director for the area for which the exemption is sought, confirming that they are satisfied that the exemption is justified by special circumstances and indicate any remedial action that may be required; • The Head of Procurement who will advise on permitted special circumstances; • The Corporate Director of Finance.
3.9	Where the value of the exemption is £100,000 or above, the Group Chief Executive must give approval and ensure the whg Board is informed.
3.10	All exemption approvals must be sought within a timescale to allow for the possibility that the request may not be approved.
3.11	Emergency delegations shall be dealt with as set out at 2.1 (Delegations Emergency) in the whg Governance Framework.
3.12	An exemption shall necessitate the need for whg to publish a transparency notice setting out: a) that whg intends to award a contract directly; and b) any other information specified under section 95 of the Procurement Act 2023.
4.	**DUE DILIGENCE OF SUPPLIERS AND EVALUATION OF BIDS**
4.1	Every procurement process will incorporate a proportionate due diligence process based upon the contract tiering tool determination, which ensures that only suitable suppliers are appointed.

4.2	whg will check that its suppliers are suitable by making appropriate checks in line with the requirements mandated by the Crown Commercial Service Standard Selection Questionnaire, complemented by whg's common assessment standards.
4.3	As well as checks at sourcing stage, appropriate checks will be made throughout the lifecycle of the contract, with the frequency of these checks being determined by the classification of the contract – gold, silver or bronze, the classification being defined through application of the contract tiering tool.
4.4	Evaluation of tenders will be based on MAT (most advantageous tender), with the award criteria clearly defined between price/cost and other factors including quality to achieve value for money outcomes. Evaluation summaries shall be produced and retained.
4.5	Contract managers with their Heads of Services are accountable for delivery of value for money and for regularly reviewing value for money outcomes throughout the lifecycle of the contract to ensure that these align and have materialised with the outcomes and measurables expected.
4.6	When using third party procured framework agreements, dynamic purchasing systems or dynamic markets, whg colleagues must understand the checks that have already been carried out on framework suppliers to ensure that the tests are appropriate for whg's requirements, and then repeat those tests before directly calling off or running a further competition exercise.
5.	**CONTRACT TERMS AND CONDITIONS**
5.1	Colleagues will ensure that every procurement process, including framework agreement and dynamic purchasing call-offs, specify the contract terms and conditions which are to form the basis of the contract.
5.2	Purchase orders shall not be raised for any contracts where the value of the total requirements is £30,000 and above until a contract has been formally executed by both parties.
5.3	The standard matrix for contract terms where whg is not using a third party framework agreement or dynamic purchasing system are as follows: • **BRONZE**: whg purchase order terms and conditions. • **SILVER**: whg standard model forms for works or for services/supplies or a recognised industry standard model form such as JCT. • **GOLD**: bespoke contracts which are tailored to be appropriate to the requirements.
5.4	Before using any third-party framework agreement or dynamic purchasing system, a review must be undertaken to ensure that the call-off terms are appropriate and are equivalent to the requirements in this policy. For requirements £50,000 and above, this must be undertaken with guidance and support from the Procurement team.
5.5	Where below £50,000, where colleagues are uncertain, legal advice from one of the legal firms appointed under the legal services framework should be utilised for professional advice, payable from that service area's own budgets.

5.6	In exceptional circumstances, where a proposed supplier's own terms and conditions are to be used, it is the contract manager's responsibility to ensure that the terms still protect whg's interests. Advice must be sought from the Procurement team about these terms, where the value of the requirements are £50,000 and above. Where below £50,000, where colleagues are uncertain, legal advice from one of the legal firms appointed under the legal services framework should be utilised for professional advice, payable from that service area's own budgets.
	Measuring contract performance
5.7	Contract managers must consider how the contract terms will incorporate tools for effective contract management. For all gold and silver contracts, unless it is not appropriate (to be documented as such), the contract shall include: • A minimum of three SMART key performance indicators which demonstrate if the supplier is meeting its contractual requirements; • A business continuity plan in respect of supplier failure due to insolvency or disaster; • An exit management plan as part of the contract which deals with demobilisation, safeguarding of data, return of equipment and transfer of employees (TUPE).
5.8	Supplier failure risk shall be recorded on each team's operational risk register (in all instances where they manage any contracts without exception) regardless of the tier of contracts.
5.9	All gold and silver contracts shall be required to have a supplier failure business continuity plan, detailing the risks, mitigation and contingency measures.
6.	**EXECUTION OF CONTRACTS**
6.1	whg's Governance Framework specifies the authority levels of colleagues when conducting procurement activity on behalf of whg. Colleagues involved in procurement activity must understand their assigned delegated authority and ensure contracts are signed accordingly.
6.2	For any contract above £50,000 in value the correct request for execution of a document form must be used. Contracts above £50,000 must be signed by a Corporate Director in accordance with whg's Governance Framework.
6.3	The contract manager must ensure that documents such as schedules of amendments to model form contracts, parent company guarantees and performance bonds are signed or executed at the same time as the main contract, and that collateral warranties or other warranties are signed or executed when required by the contract terms.
6.4	The contract manager shall ensure that a copy of every signed contract £50,000 and above shall be provided without delay (immediately following execution) to the Procurement team. These contracts will be held securely on the whg electronic contracts register. The record on the contract register will include the contract manager, contract value, start date, end date and any extension options as a minimum.
7.	**CONTRACT MANAGEMENT**
	Effective management of contracts

7.1	whg ensures effective management of contracts by appointing a contract manager for all high-risk contracts and those £30,000 and above. The contract manager is responsible for ensuring the requirements of this section of the policy are met. The contract manager will have the necessary skills to manage the contract. Support and training can be provided by the Procurement team if required.
7.2	It is the responsibility of the Head of Service to ensure that a competent contract manager is assigned to all contracts where required and that the contract is managed appropriately. All changes to contract managers shall be notified to the Procurement team without delay.
7.3	The contract manager will manage the commercial aspects of the contract. This will include: • Managing and documenting any contractual changes which include but are not limited to any changes to the specification, pricing, performance parameters or extensions to the contract length; • Ensuring that prices charged by suppliers match the prices set out in the contract documents; and • Ensuring that prices are adjusted only in accordance with the provisions for adjustment set out in the contract documents.
7.4	The contract manager must contact the Procurement team to discuss any proposals to make substantive changes to any contract (including extensions, changes to the scope/specification and rates changes), as only certain changes are permitted by procurement law, and those changes must be undertaken in accordance with the change control process and set out in a proper variation to the contract. The Procurement team will assist the contract manager with commercial management of the contract including resolving contractual issues and putting in place contract extensions/modifications.
7.5	All contract variations must be signed in accordance with the Governance Framework. The request for execution of a document form must be used. These variations must be passed to the Procurement team for checking in the first instance, who will pass to the Governance team who will carry out checks and arrange for contract signature. It is not permissible for colleagues to bypass the Procurement or Governance teams.
7.6	Contracts can only be extended where: • There is an agreed extension period stated within the contract; or • The Procurement team has advised that the extension is permitted by procurement law and confirmed this in writing.
7.7	Where there is poor supplier performance, the contract manager will be responsible for (in order of escalation): • Understanding the cause of the poor performance and discussing this with the supplier to resolve the issue; • Applying the contract terms in an appropriate manner to improve the poor performance; • Using any escalation process in the contract to improve performance; • Reviewing the contractual options, with support from the Procurement team to understand whether the contract should be terminated; • Gathering evidence of the poor performance to use in enforcement action; • With support from the Procurement team, ensuring an appropriate contingency plan is in place in case the supplier’s contract is terminated.

	Contract termination
7.8	The contract manager will manage contract termination or expiry considering: • How data and particularly any personal data is to be managed and safeguarded; • Employees of the current supplier and whether TUPE might give those employees a right to transfer to any new operator; • How final accounts and any monies owed are to be dealt with under the contract; • Whether any outgoing contractor is complying with its obligations in the exit management plan (for gold and silver contracts).
8.	**PERFORMANCE MEASURES**
8.1	Reports on progress against the procurement pipeline and compliance with this policy will be provided to the Group Executive by the Procurement team every quarter, or as required.
8.2	The Procurement Team will contribute to the Value for Money report, identifying savings, added value benefits and efficiencies achieved through the sourcing process.
8.3	Contract managers shall be responsible for providing regular reports to Heads of Service and Directors on supplier performance and compliance.
9.	**TRAINING AND DISSEMINATION**
9.1	The Procurement and Contract Management Policy will be promoted via whoogle. This will coincide with the launch of a new Procurement area on whoogle containing detailed procurement process guidance. The Procurement team is on hand to provide guidance and support as required. Tailored in-house training and information will also be provided.
10.	**MONITOR AND REVIEW**
10.1	This policy will be monitored by the Head of Procurement and reviewed every three years, or sooner subject to legal or regulatory changes, and approved by the whg Board on recommendation of the Group Executive.
11.	**ASSOCIATED DOCUMENTS, POLICIES AND PROCEDURES**
11.1	whg has a responsibility to ensure that all procurement activity is conducted in accordance with the law. If colleagues are uncertain about the law relating to procurement, contracts, health and safety, environmental or tax, then contact the Procurement team who will advise on next steps.
11.2	Documents, policies and procedures associated with this policy are: • Governance Framework; • Value for Money Policy; • Gifts and Hospitality Policy; • Anti-Bribery Policy; • Anti-Money Laundering Policy; • Fraud Prevention Policy; • Probity Policy; • Data Protection Policy; • Information Security and Acceptable Use Policy;

	• ESG Policy; • Health and Safety Policy; • Diversity and Inclusion Policy; • Modern Slavery Act statement; • Colleague Code of Conduct; • Colleague annual declaration of interest form; • Contract register; and • Sustainability Strategy.

APPENDIX 1
Procurement route to market compliance requirements

Estimated contract value	Minimum requirement	Procedure to follow
Up to £29,999	At least 1 quotation required	The authorising budget holder must be satisfied that purchases represent good VfM and that a contract is not already in place.
£30,000 to £49,999 *Open (advertised) requests for quotations will be advertised on Contracts Finder	At least 3 competitive quotations, or compliant use of a framework agreement	Contact the Procurement team for assistance as required. The authorising budget holder must be satisfied that purchases represent good VfM and that a contract is not already in place.
ABOVE £50,000 PROCUREMENT INVOLVEMENT IS REQUIRED AN ELECTRONIC CONTRACT IS REQUIRED FOR THE CONTRACT REGISTER		
£50,000 to £200,000	At least 3 competitive tenders, or compliant use of a framework agreement	Contact the Procurement team.
Above £200,000	The Public Contracts Regulations 2015 or the Procurement Act 2023 (from 28/10/2024) may be deemed to apply.	Contact the Procurement team.

APPENDIX 2
Sourcing strategy

1. The purpose of the sourcing strategy is to outline the approach to market and to manage risks by ensuring that all relevant issues, procurement processes and commercial considerations have been addressed during the planning of the procurement activity.

2. For all procurement activity above £50,000 a sourcing strategy will be produced by the Procurement team, in collaboration with the contract manager.

3. The sourcing strategy will cover the following:

Overview of requirements	• Anticipated value • Scope of the service/requirement • Specification overview • Timescales/ delivery requirement • Contract manager

Current contract position	• Effectiveness of the current service • Performance issues to be addressed • Current contract expiry / notice requirement
Key business outcomes	• How value for money, savings and efficiencies will be achieved • Social value / environmental / modern slavery considerations • Health and safety requirements • Contract performance measures • Supplier risk – consider whether dual/multiple supply source required
Change considerations	• Risks involved including conflicts of interest and data protection impact assessments • Mobilisation timescales • Any legal input required • TUPE considerations • Section 20 requirement/customer engagement • Data protection/GDPR
Sourcing approach	• Options appraisal – routes to market including availability of frameworks • Contract form (terms and conditions) • Contract term • Quality vs price ratio • Tender team • Timescales

4. All sourcing strategies require sign-off according to the total contract value as follows:

Colleague	<£200K	>£200K
Head of Procurement	✓	✓
Relevant contract manager	✓	✓
Relevant Head of Service	✓	✓
Corporate Director of Finance	✓	✓
Relevant Corporate Director	x	✓

5. Acceptance of any tender and entering into contractual arrangements are subject to the relevant delegated signing authority as set out in the Governance Framework.

Document author	Head of Procurement
Document owner	Director of Finance
Legal advice	Anthony Collins Solicitors
Consultation	Finance, Governance, People Services
Approved by	Policy Group approval: April 2024 GEXEC approval: May 2024 whg Board approval: July 2024
Review date	June 2027
Transformational programme	Forward thinking services
Equality assessment	N/A
Key changes made	Revised policy with accountabilities made clearer. New Governance Framework, procurement activity thresholds, execution of documents, contract register, terms and conditions, customer consultation, transparency, value for money, disaggregation, health and safety, social value and environmental, prevention of modern slavery, data protection and GDPR, effective management of contracts.