



**UNIVERSITY
ACADEMY 92**
MANCHESTER

Procurement Policy

Implementation date:

September 2021

Version number:

1.0

<u>Document type</u>		Strategy
	✓	Policy
		Regulations
	✓	Procedure
		Code of Practice
	✓	Guidance
<u>Area of UA92 business</u>	✓	Governance & Compliance
		Student Affairs
		Academic
	✓	Finance & Operations
		External Affairs
		Other
<u>Document Name:</u>	Procurement Policy	
<u>Author:</u>	Financial Controller	
<u>Owner (if different from above):</u>	Financial Controller	
<u>Document control information:</u>		
Version number:	1.0	
Date approved:		
Approved by:	UA92 Board	
Implementation date:	2021	
Review due:		
Document location:		
<u>Consultation required:</u>		
Equality & Diversity		
Legal considerations (including Consumer Rights)		
Information Governance		
Students		
Employee Engagement Forum		
External		

REVISION HISTORY			
Version	Date	Revision description/Summary of changes	Author

1. INTRODUCTION

1.1 Purpose

1.1.1 This policy sets out the parameters for the purchase of all goods, services and works, with the objective of ensuring a cost effective, sustainable and legally compliant approach to purchasing that provides best value for money for UA92.

1.2 Scope

1.2.1 The policy covers all non-pay spend, in respect of the acquisition of goods, services and works in all Departments.

1.2.2 The policy applies to purchases (defined below) by all employees of UA92 and its subsidiary companies, including temporary staff, contractors and consultants.

1.2.3 The policy scope covers not just UA92 funded purchases, but also those purchases (usually capital expenditures) funded by other Private and Public bodies.

1.2.4 The policy scope includes Franchising and Concession Agreements involving partner selection.

2. POLICY PRINCIPLES AND PARAMETERS

2.1 General objectives

2.1.1 Purchasing shall always be undertaken with the over-riding objectives of:

- Securing optimum Value for Money (VfM) whilst balancing risks.
- Managing risk in both a compliant and effective manner, taking due consideration of the level of risk.
- Using whole lifecycle costing and value in supplier selection, rather than price in isolation.
- Complying with all relevant legislation.
- Ensuring transparency, fairness and non-discrimination in purchasing decisions.
- Ensuring sustainability, modern slavery, socially responsible procurement issues and equality/diversity factors are considered in purchasing decisions.

2.1.2 UA92 also requires that high level parameters, procedures and processes are in place to embed these principles: see Section 2.3.

2.1.3 Departments should seek to purchase from preferred suppliers where possible. These suppliers have agreed contract terms with UA92. The agreements leverage the volume requirements of UA92 to deliver value for money whilst ensuring that quality, delivery and sustainability considerations are managed, and therefore increasing the use of preferred suppliers is important. Preferred suppliers also have their financial viability reviewed on a periodic basis. Approval is required from Finance to set up all new supplier (See Appendix 2).

2.1.4 Finance must be consulted at the earliest stage where Contract value exceeds £20,000 (including VAT).

2.1.5 Finance will help determine the optimum procurement strategy and route to market with the relevant department.

2.1.6 Finance will help determine whether UA92 will manage the procurement process itself, or to engage an external contractor or consultant who may be best placed to provide this service.

2.1.7 Savings and efficiencies will be reported to support annual VfM and any current regulatory reporting requirements, as well for internal budgeting, planning and operational purposes.

2.1.8 Leasing may only be used as a method of purchasing following prior consultation with Finance due to implications they have on UA92 Balance Sheet. Lease contracts generally run over a predefined number of years with a commitment to a third party – normally a Finance Company. Discontinuing an agreement is often not possible without financial penalty, and matters such as title to the residual asset, asset obsolescence and the finance rate need to be carefully considered and compared to outright purchase.

2.1.9 All UA92 employees involved in the purchasing process must abide by UA92's Ethical Framework, the Contracts Framework and the Authorised Signatories policy.

2.1.10 Include minimum ethical standards in all tenders (examples include, Modern Slavery Act 2015, Equality Act 2010, Criminal Finance Act 2017, Bribery Act 2010, Waste Electrical and Electronic Equipment (WEEE) Regulations 2006 and others as set out in section 2.2 of this policy).

2.2 Sustainable Procurement

2.2.1 UA92 recognises a responsibility to ensure that where possible the suppliers it deals with share its ambitions to increase resource efficiency, reduce social inequality and promote transparency in its supply chain.

2.2.2 Although UA92 is not a relevant authority for the purposes of the Public Contract Regulations 2015 (PCRs) and as such the Public Services (Social Value) Act 2012 does not apply to it, UA92 voluntarily wishes to adopt the principles contained therein and consider how procurement of goods or services might improve the economic, social and environmental wellbeing of the relevant geographical area and how, in the procurement, we might go about securing these improvements.

2.2.3 UA92 operates a semi-devolved system of purchasing and sustainability considerations should be factored into all purchasing decisions:

- Seek to ensure that procurements are carried out in accordance with the energy policies highlighted in the related documents section.
- Embed sustainability and social value questions in all SQs and ITTs
- Identify and prioritise high value, high volume and high environmental impact and social risk spend categories
- Use whole lifecycle costing in decision-making. As a minimum this should include an assessment of ongoing maintenance, running and disposal costs, in each case with consideration to the environmental impact beyond the initial purchase.
- How you might measure the sustainability impact of the purchase and be able to demonstrate how sustainability was considered.

In the case of ongoing purchasing partnerships with suppliers, the following considerations should also be made:

- Work with suppliers to promote and embed initiatives to reduce environmental impact including:
 - Minimising delivery frequency and distance;
 - Reducing single use packaging and increase recoverable / recyclable content;
 - Reducing carbon intensity of products;
 - Encouraging a cradle to cradle approach which considers the end-life of a product and recovery prior to manufacture.
- Work with suppliers to promote and embed initiatives to increase social value including:
 - Inclusion of SMEs and local suppliers / partnerships in the supply chain;
 - Exploration of opportunities for student placements and work experience;
 - Better understanding and auditing of supply chains, encouraging transparency.

2.2.4 Sustainability considerations in purchasing are to be promoted by: Educating, informing and encouraging staff and students to understand UA92's purchasing policy and how to deploy sustainable principles in all procurement activities;

- Addressing any obstacles which could restrict SMEs and local suppliers to bid for any goods/services or works;
- Question the need for the purchase and the choice of product in support of UA92 sustainability agenda. The challenge is; does UA92 need to buy this product or service at all? An example is business travel flights.

2.3 Procurement Parameters

2.3.1 Competitive bidding and tender processes are performed with Suppliers being appropriately selected and authorised for specific use.

2.3.2 Finance will lead or co-ordinate the Tender commercial section evaluation.

2.3.3 New Suppliers are only added to ApprovalMax after appropriate due diligence. Expenditure must not be committed without prior approval by Finance of the new supplier. Where personal data is being processed by or transferred to an external supplier, platform or service provider, compliance with the Data Protection Legislation must be considered and UA92's Data Controller consulted.

2.3.4 Supplier relationships and contracts are managed for financial and non-financial performance.

2.3.5 Formal authorised and signed contracts are in place as per Scheme of Delegation (See Appendix 4).

2.3.6 In most cases contracts should be no more than 4 years in duration, apart from exceptional circumstances.

2.3.7 Goods and services received are correctly recorded and are fit for purpose and take account of any specific needs of diverse groups at UA92 for whom they are intended.

2.3.8 Payments are only made for goods and services received, except where full or partial prepayment has been agreed with Finance.

2.3.9 Items purchased by UA92 for use by individuals are the property of UA92 and will remain so even after the departure of the individual for whom they were purchased.

2.3.10 Goods and services are purchased only with correct authorisation and that no financial commitments are made to suppliers before Finance and relevant Leadership Team member approval is provided, which is normally via an approved Purchase Order in the ApprovalMax system.

2.3.11 Raising multiple purchase requisitions for the same or similar goods to circumvent the assigned PO financial approval limits is not permitted. This is commonly referred to as “splitting PO’s” and is strictly non-compliant with this Procurement Policy and UA92’s Financial Regulations.

2.3.12 The procurement of goods, services and works is required to follow specific regulations and processes dependent on the value of the purchase. These requirements are on a statutory or governance basis and will be decided by quoted value thresholds.

2.3.13 Purchases between the below expenditure bands will be treated as follows:

- under £2,500 – the Budget Holder has the discretion to decide whether or not to obtain quotations, but value for money must always be obtained;
- between £2,500 and £50,000 – the Budget Holder should seek at least three written quotations;
- additionally for expenditure above £16,667 an agreed contract to be in place.

The above figures exclude VAT.

Where quotations have been sought it is essential that documentation is retained at least until such time as the purchase order is approved to provide evidence that due regard has been given to considerations of economy, efficiency and effectiveness for all purchases.

2.3.14 The procurement of goods and services on the UA92 purchasing card is subject to the Purchasing Card Policy. The Purchasing Card System, is a charge card system used to procure low value goods and services. Whilst it is still essential that all purchases are authorised prior to the commitment of expenditure, many low value purchases can be purchased more efficiently using the Purchasing Card.

2.3.15 Purchasing cards are issued to individuals, nominated by their Head of Department or Manager, and who are authorised to make purchases on behalf of their department. The card is used to place orders for low value goods and services in agreed categories and up to a predetermined spending limit. There is a monthly credit limit assigned to each card as well as a maximum limit for each transaction.

It is recommended that purchasing cards are used in departments for:-

- emergency purchases;
- couriers;
- low value on-line purchases (less than £1,000);
- low value foreign payments;
- higher value foreign payments in consultation with Finance who will action a temporary increase to the credit limit.

2.3.16 Members of staff issued with a Purchasing Card must sign a User Agreement prior to taking ownership of the card. In signing the agreement, they are confirming they:-

- understand that they are making financial commitments on behalf of UA92, will purchase in line with the expenses policy and will seek to obtain the best value for money, using UA92 preferred suppliers wherever possible;
- will only use the UA92 Purchasing Card for the procurement of goods and services on behalf of UA92. The UA92 Purchasing Card must never be used to make personal purchases, either for the cardholder or for others;
- agree that should they violate the terms of the User Agreement, they will reimburse UA92 for all charges incurred and for any fees related to the collection of these charges. Any card misuse will result in the withdrawal of the card facility and will result in disciplinary action.

2.4 Contracting and Conditions of Contract

2.4.1 There will be purchases where a formal signed contract is required to further protect UA92's interests. Formal signed contracts / agreements are typically required when:

- Contract lifetime Value is > £10,000
- High Supply Chain / Operational related risks
- High Regulatory / Compliance / Intellectual Property related risks
- Data Protection and / or Cyber Security related risks apply
- High Reputational related risks including Modern Slavery.

2.4.2 Suppliers may still seek to impose their own Conditions of Contract. These can be one-sided, those governing rental or lease contracts. Purchasers should review carefully a supplier's proposed conditions, especially those related to managing the identified risks and, in the case of discrepancy with UA92 T & C's, or if in doubt about the implications of a supplier's conditions, must consult Finance, before agreeing to them in a formal binding contract.

2.4.3 All employees should refer to the Contracts Framework and Authorised Signatories policy where a formal signed contract is required.

2.5 Tender Specification Documentation

All documentation required to clearly describe and contract for the required services, works or goods must be developed prior to tendering. This may include: Scope of Works, Technical and Functional Specifications describing materials, services, drawings, workmanship and performance standards (construction and life cycle maintenance), Non-Functional specifications etc. (See Appendix 5).

2.6 Insurances

2.6.1 For any supplier awarded a contract by UA92 the following are the default levels of insurance:

- Public Liability £10 million
- Employer Liability £10 million
- Professional Indemnity £1 million

Where the supplier cannot offer these levels of insurance, then Finance should be consulted for further advice.

2.6.2 Existing buildings shall be insured by UA92 against loss of damage by fire etc. The contractor shall be responsible for insuring new buildings until practical completion.

3 GOVERNANCE

3.1 Responsibility

3.1.1 Audit and Risk Committee

In accordance with its Terms of Reference, the Audit and Risk Committee has responsibility for ensuring that appropriate arrangements are in place to promote economy, efficiency and effectiveness (value for money).

3.1.2 Financial Controller

The Financial Controller is responsible for the formal review of the Procurement Policy.

3.1.3 Leadership Team and other staff

The Leadership Team have ultimate responsibility and accountability for ensuring that the Procurement Policy and procedures are applied to all purchases of goods and services within their areas.

Staff who procure goods and services are responsible for accurately determining the specification, outputs and outcomes required. This responsibility extends to ensuring the goods and services are fit for purpose and sustainability, modern slavery, socially responsible procurement issues and equality & diversity factors are considered in the purchasing decisions.

3.1.4 Executive Board

Members may delegate their purchasing authority under the Scheme of Delegation (See Appendix 4).

Departmental staff to whom such authority is delegated must apply the Procurement Policy and Procedures to all purchases of goods and services within their defined authority and must not act outside that authority. Failure to apply the Procurement Policy and Procedures to all individual purchases of goods and services may be treated as a disciplinary offence.

A written record of all contracts and agreements entered must be held in Finance for audit purposes and potential future contractual challenge

3.2 Review and Change Requests

3.2.1 The planned review date of this policy is 1st September 2023.

3.2.2 However, interim updates may be required because of:

- Organisational change

- Legislative change
- Process or technology change
- Emerging and/or identified risks to UA92 and its staff

3.2.3 Where this is necessary, the following approval governance will apply:

- Administrative change (e.g. personnel changes in key ownership roles): approval by Board, as appropriate
- Allowances and key guideline information (e.g. addition, removal or material maintenance to allowances): approval by Board, as appropriate.

3.2.4 Suggestions for additional or maintenance to existing allowances will be considered where strong business rationale and benefit is demonstrated and should be referred to the Financial Controller for consideration in the first instance.

3.3 Legislative context

3.3.1 All employees involved in purchasing on behalf of UA92 must comply with the requirements of all the relevant and applicable legislation - See Appendix 3.

3.4 Stakeholder Statements

3.4.1 Equality

UA92 is strongly committed to equality of opportunity. Our aim is to ensure that equality, diversity and inclusion is central to how we function as a community and as a company, providing an equal voice for everyone and actively challenging inequalities and injustice where it exists.

3.4.2 Health & Safety:

UA92 has duties under the relevant legislation to ensure the health and safety and welfare at work of all staff, students and visitors, and that its operations do not expose, staff, students and visitors to risks to their health and safety. As such, the principles contained within UA92's Health & Safety Policies will apply.

APPENDICES

Appendix 1 – Definitions

Purchase - means entering into any binding agreement for the acquisition of goods, services, works and utilities on behalf of UA92 and its subsidiary companies. Such agreements include purchase orders effected through the ApprovalMax purchasing system, purchase card, leases, concessions and any purchase related agreement where UA92 may be obliged to pay an external organisation.

Invitation to Tender (ITT) - a stage in competitive tendering process, in which suppliers and contractors are invited to provide offers for supply or service contracts. An ITT document specifies all requirements of the organisation, including goods, services and timelines, as well as the evaluation process that will be followed.

Social Value - A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and economy, whilst minimising damage to the environment.

Selection Questionnaire (SQ) – Is a pre-qualification stage to inform the procurement process of the suitability of potential bidders to perform against the proposed contract. It confirms bidder experience relating to the proposed procurement or contract. It is designed to also examine the bidders' financial, industry accreditation, sustainability, safety performance and qualifications, amongst other criteria, and could be varied to reflect bespoke priorities.

Whole Life Costing (WLC) – Often referred to as lifecycle cost analysis. In this context WLC is defined as an assessment of operational costs over the life of the asset being procured, including disposal costs, and not just the up-front cost. The financial benefit of what is being purchased can be compared to these costs.

Scope 3 Carbon Emissions – Carbon emissions derived from purchased goods and services including business travel, employee commuting, waste disposal and construction.

Appendix 2 - Request for a New Supplier

REQUEST FOR NEW SUPPLIER

This form is for internal use only. The form is to be completed if you require a new supplier to be added to the ApprovalMax/Xero system. When completed please email to finance@ua92.ac.uk.

Supplier Company Name:	Company Number (if known)
Company Legal Status (e.g. Ltd company, sole trader, Charity)	
Address:	
Post Code:	
Contact Name:	
Telephone Number:	
E-mail address for PO:	
Brief description of Goods/Services required inc. approximate value	
Reason for requesting a new supplier rather than a current supplier	
Please attach bank details for supplier which should be supplied on official letterhead.	

Requested by:	
Date Requested:	

Appendix 3- Relevant and Applicable Legislation

Sale of Goods Act 1979 as amended by the Sale and Supply of Goods Act 1994

<https://www.legislation.gov.uk/ukpga/1979/54>

Modern Slavery Act <http://www.legislation.gov.uk/ukpga/2015/30/contents>

General Data Protection Regulation 2016 <https://www.eugdpr.org/>

Data Protection Act 2018 <http://www.legislation.gov.uk/ukpga/2018/12/contents/enacted>

Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE)

<http://www.legislation.gov.uk/uksi/2006/246/contents/made>

Waste Electrical and Electronic Equipment (WEEE) Regulations 2006 <http://www.bis.gov.uk/weee>

Bribery Act 2010 <http://www.legislation.gov.uk/ukpga/2010/23/contents>

The Public Services (Social Value) Act 2012

<http://www.legislation.gov.uk/ukpga/2012/3/notes/division/113>

Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/notes/contents>

Criminal Finance Act 2017 <http://www.legislation.gov.uk/ukpga/2017/22/contents/enacted>

FOI Act 2000 <https://www.legislation.gov.uk/ukpga/2000/36/contents>

Appendix 4 - Scheme of Delegation

The Board of Directors has reserved specific powers to itself and delegated others as set out in this Scheme until such date as it may determine.

Guiding Principles to accompany the scheme of delegation

The Scheme defines the decision-making powers reserved for specific levels of authority and does not seek to describe roles, remits and responsibilities of individual Officers or Committees.

All significant matters should be reported to the Board of Directors unless otherwise stated.

Any Committee or Officer may decide that a particular issue requires to be considered or ratified by a higher level of authority.

Where powers are reserved to individuals, it should be assumed that a nominated deputy or alternate may exercise the same power in the absence of that post-holder.

1. BOARD OF DIRECTORS

The Board of Directors has reserved the following areas of business to itself for decision.

STRATEGIC AND FINANCIAL

- 1.1 Approval of UA92's mission and strategic vision.
- 1.2 Consideration and approval of UA92's strategic plans.
- 1.3 To recommend to shareholders the appointment of Executive and Non-Executive Directors to the Board of UA92.
- 1.4 The review and approval of UA92's financial targets and strategy, annual (revenue) budget, capital programme budget and financial statements including any such statements or forecasts required by external bodies such as OfS.
- 1.5 Approval in principle of major borrowing and leasing arrangements.
- 1.6 Approval of the principal strategies, policies or strategic frameworks of UA92 (particularly in the areas of human resources, estates, information technology and finance) and the Accounting Policies, Risk Management Policy, and Raising Serious Concerns at Work/Whistle-blowing Policy.
- 1.7 Board devolves audit, assurance and risk to its Audit and Risk Committee.
- 1.8 Changes in capitalisation of UA92 with permission from the Shareholders.

- 1.9 The establishment, withdrawal or alteration of UA92's corporate membership of external organisations such as joint ventures, companies, trusts and partnerships of a scale or risk profile requiring the Board's consideration.
- 1.10 The establishment of validation or other formal relationships with other institutions, when of a scale or risk profile requiring the Board's consideration.
- 1.11 Approval of Commitments for the purchase of goods or services within the approved budget where the contract value is greater than £200,000.
- 1.12 Approval of Commitments for the purchase of goods or services outside of the approved budget where the contract value is greater than £30,000.
- 1.13 Approval of changes to financial regulations;
- 1.14 Approval of secondary Financial policies;
- 1.15 Write off bad debts in excess of £10,000 per annum.
- 1.16 The establishment or extension of property lease arrangements.
- 1.17 Procurement of external consultancy advice, where the value of the contract exceeds £100,000.

Appendix 5 - Tender Process

