South Liverpool Homes

Procurement Policy

1. Introduction 3
2. Procurement options and financial thresholds 4
3. Other considerations 7
4. Procurement Gateway Board 8
5. KPI reporting and reporting on payment compliance 9
6. Supplier management 10
7. Our values and procurement 11

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1. Introduction

This policy was prepared with the assistance of Brabners solicitors.

SLH will take a collaborative and innovative approach to procurement, ensuring it meets tenants' needs in line with the pound strategy and corporate plan all whilst maintaining compliance with the Procurement Act 2023.

The purpose of this document is to set out the rules, both internal and external, that govern how SLH buys goods, services or both and how it complies with them whilst achieving value for money (VFM).

This policy is designed to ensure compliance with the Procurement Act 2023 (PA23) and the supporting Procurement Regulations 2024. As a contracting authority, SLH is required to adhere to PA23 for all procurement activities initiated on or after 24 February 2025, regardless of the procurement size. Any procurement activity up until 23 February 2025 will continue to follow the PCR 2015 rules until the expiration of the contract. For guidance on these legacy procedures, please refer to the previous procurement policy (PCR 2015).

The objective in every procurement is to ensure both regulatory compliance *and* the very best commercial outcome available in the market at the time of procurement.

All procurement activity at SLH must be approved by the Procurement Gateway Board (PGB).

N.B. In line with the way public procurement thresholds are calculated by HM Crown Commercial Services, all financial values cited in this document **include** VAT at the prevailing rate (20% at date of publication).

When calculating the Total Contract Value (TCV) for any procurement, colleagues should always ensure that the figure used includes VAT.

To calculate TCV for a defined term contract, the maximum permissible annual value of the contract should be multiplied by the maximum contract term including all extensions.

In the event that a contract is "rolling", TCV is determined by multiplying the maximum possible annual expenditure with that supplier for the service, by four years.

2. Procurement options and financial thresholds

The main provisions of PA23 apply above £214,904 (services and supply of goods) and above £5,372,609 (works, e.g. construction, development and ancillary works). Below the financial thresholds, there is much more flexibility for SLH to procure as it sees fit, in line with its own internal policies.

Table 1: Financial thresholds for procurement

Goods and/or services	£ 214,904
Legal & residential catering	£ 663,540 *(specific services, including health, social, educational, and community services)*
Major works	£ 5,372,609 *(only capitalised assets qualify)*

The thresholds above refer to Total Contract Value (TCV), not annual spend.

Procurement is subject to two tiers of control: internal and legislative. All spend is subject to a degree of governance and oversight based upon the TCV:

Table 2: Summary of SLH's approach to procurement by financial value

Value (inc VAT)	*Contract Type*	*Procurement Type*
Up to £1,000	Works	Contract placed directly via a works order
Up to £1,000	Goods/services	Contract is placed directly via specific email or written request
£1,001 - £12,000	Any	At least one quotation (electronic (email) or paper) in response to a written specification or detailed description of the goods and services required – personal responsibility form completed by manager
£12,001 - £30,000	Any	At least Three Written Quotations (electronic (email) or paper) in response to a written specification (or detailed description of the goods and services required).
£30,000 +	Any	Formal Competitive Tender (at least 3 parties invited)

Below-threshold procurement (some considerations)

<u>Advertising Below-threshold Contracts</u>
SLH must advertise the contract on the "central digital platform" if it is valued above £30,000 (including VAT) and SLH is 'advertising' it. Advertising means going wider than asking a small group (e.g. three or four) of suppliers for quotes.

Barriers to SMEs
Before competitively tendering a below threshold contract, the contract manager must also document how they have considered any barriers for SMEs (excluding awards made under frameworks) and how they could be removed.

Award of a below-threshold contract
SLH must publish a contract details notice as soon as reasonably practical after entering a below-threshold contract of over £30,000 (inc VAT), regardless of whether or not a below-threshold tender notice was previously issued.

The notice must be issued on the central digital platform.
Please use the correct notice. There are two similar notices: contract award and contract details. Here you must issue a contract details notice.

Appendix A shows the process for below threshold notices.

Resultant Contract

Payment terms – prompt payment terms are implied into all regulated below-threshold contracts and related subcontracts. SLH is required to pay all valid and undisputed invoices within 30 days (beginning with the day the invoice is received or becomes due, if later). If we dispute an invoice, or consider it to be invalid, we must notify the payee without undue delay. SLH cannot restrict or override these terms, although it can pay within less than 30 days.

Amendments to below threshold contracts – the rules governing variations to existing contracts in the PA23 does not apply to below-threshold contracts, so low value contracts can generally be varied without restriction. However, note that if a below-threshold contract is amended and the amendment causes the contract to go over the financial threshold for that contract, the amendment will be governed by the PA23's rules on variations. After this, the contract should be treated as a being fully regulated rather than a below threshold contract.

Above-threshold procurement

Above-threshold procurement, which exceeds the financial thresholds in table 1, must comply with the full requirements of PA23 throughout the entire procurement lifecycle. This includes pre-procurement, procurement, and contract management stages. Non-compliance with PA23 can result in significant risks, including legal challenges and financial damages.

It is important to deliver value for money, maximise public benefit, share information transparently, and act with integrity. SLH also need to treat suppliers fairly and avoid any practices that could artificially subdivide contracts to fall below the financial thresholds.

Where a contract is above financial threshold, SLH may seek to use frameworks or dynamic markets to satisfy its needs. It may also be possible to award the contract direct to a supplier.

Otherwise a competitive tender process is required to award the contract. This must take one of two forms.

- **Open procedure**: a single stage procedure without restriction on who can submit tenders.
- **Competitive flexible procedure**: an intentionally flexible procedure which can be designed as appropriate to suit the procurement.

<u>Open procedure</u>

The open procedure is a single stage procedure under which any interested party can submit a tender. SLH must base the decision to award the contract solely on the single tender submitted by the supplier. This is similar to the open procedure that has traditionally been used in regulated procurement.

<u>Competitive flexible procedure</u>

The competitive flexible procedure is flexible and can be designed to suit the specific requirements of the contract being tendered. The competitive flexible can have as many stages as is required, although SLH is likely to include at least two stages (otherwise the open procedure can be used).

Some actions SLH could take in a competitive flexible procedure include:

- Limiting the number of participating suppliers (generally or at different tendering rounds).
- Refining the award criteria.
- Limiting the number of lots which suppliers can tender for.
- Excluding suppliers by reference to the conditions of participation or an intermediate assessment of tenders against the award criteria and assessment methodology.
- Excluding suppliers that are not UK or treaty state suppliers (or who intend to subcontract all or part of the contract to such entities).

Therefore, SLH could have a first stage inviting tenders followed by a price negotiation stage for those successful at the first stage. Or it may choose to pre-qualify suppliers by reference to experience and financial standing and only accept tenders from those meeting minimum conditions.

<u>Central digital platform</u>

All regulated (above threshold) procurement is classed as a ‘covered procurement’, which means that the PA23 governs the lifecycle of the contract, from pre-procurement through to the procurement phase and the life of the resulting contract.

Key to the process is the central digital platform. This is an enhanced version of the Find a Tender service, and also replaces Contracts Finder. The central digital platform contains all the new procurement notice templates and a new supplier information service. SLH has a unique identifier it must use when using the central digital platform. The governance team holds the identifier and other central digital platform log in details.

Appendix B shows the process for above threshold notices.

3. Other considerations

The Data Protection Act 2018

Regardless of contract TCV, SLH will always assess procurements in the context of the Data Protection Act 2018, often referred to as the General Data Protection Regulation (GDPR). Any contract which processes either tenant or colleague personal data will be subject to a full Data Privacy Impact Assessment (DPIA) prior to contract award. A valid data sharing agreement must be in place for the duration of any contract, including informal extensions. Following the conclusion of a contract which processes personal data, the manager responsible for the contract must ensure formal assurance is gained from the supplier, and passed to SLH's Data Protection Officer, that adequate processes have been followed for the destruction or anonymisation of all SLH data held.

Leaseholder consultation

Section 20 (S20) of the Landlord and Tenant Act 1985 (as amended by Section 151 of the Commonhold and Leasehold Reform Act 2002). SLH must carry out a consultation with leaseholders prior to incurring costs, which will be recharged to leaseholders.

This consultation must adhere to a prescribed process, which will add at least 100 days to a procurement: 65 prior to and 35 post the tender process.

Unless the S20 process is complied with, then SLH's ability to recover costs from leaseholders is limited to:

- £100 per annum per dwelling for any contract longer than 50 weeks (*a term of "less than 12 months" but advice is under 50 weeks*).
- £250 per dwelling for one-off contracts such as for Planned Works.

The Statutory and Legislative Framework

In addition to the controls detailed above, the statutory and legislative framework for Procurement extends to the following regulations:

- The Fraud Act 2006
- The Bribery Act 2010
- The Criminal Finances Act 2017
- The Consumer Protection Act 1987
- The Environmental Protection Act 1990
- Health and Safety at Work Act 1974
- Social value Public Services (Social Value) Act 2012

- The Modern Slavery Act 2015
- The Human Rights Act 1998
- Freedom of Information Act 2000
- The Equality Act 2010

<u>Associated SLH internal controls</u>

- Fraud & Bribery Policy
- Probity Framework
- Health, Safety & Wellbeing Policy
- Waste Electrical and Electronic Equipment Disposal Policy
- Declarations of Interest Policy
- Gifts and Hospitality Policy
- Speak up policy
- Data Protection Policy
- Code of Conduct
- Financial Regulations

4. Procurement Gateway Board

SLH has established a Procurement Gateway Board (PGB) to act as the primary governance mechanism for all procurement. The PGB will evaluate all procurements that fall within its remit in the context of the five rights of procurement:

- At the right price
- Delivered at the right time
- Of the right quality
- From the right source
- Of the right quantity

PGB will consider whether the proposed route to market for all cases presented can demonstrate that:

- The procurement and any subsequent award are fully compliant with all relevant laws.
- Where applicable, we have given due regard to the views of the people who will ultimately use the goods or services to be procured.
- The procurement is aligned with our strategic vision and values.
- It represents VFM for SLH and our tenants.
- Sufficient controls are in place to ensure that any supplier selected will meet our values and Environmental, Social and Governance (ESG) obligations.
- The form of contract proposed will not unduly disadvantage SLH or our tenants.
- S20 liabilities have been given due consideration.

The PGB will manage its business using three key instruments: the contract register, the procurement pipeline and the decision log.

(i) The contract register

The contracts register is a statutory obligation. It is also an invaluable tool for the management of procurement information within our organisation. It contains information not just on a contract, but also on the supplier associated with that contract.

(ii) The procurement pipeline

The procurement pipeline is a living project plan which details all upcoming procurements by date, together with estimated project length for each procurement. It will allow us to identify resourcing conflicts and plan accordingly.

(iii) The decision log

The decision log records all decisions made by the PGB

PGB will consider all procurement activity which falls into the following categories:

- single tender waivers
- procurements with a TCV <£30,000
- procurements with a TCV >£30,000 (and determine any further approval necessary in conjunction with the financial regulations)
- contract extensions where the *original* TCV was >£30,000
- uncontracted spend, which poses a risk to SLH
- A personal responsibility form will need to be completed, approved and sent to the governance and procurement team for all legal expenditure. PGB will review compliance with the legal panel and legal spend quarterly.

5. KPI reporting and reporting on payment compliance

Where there is a high value contract which has set and published KPIs as required under PA23 we must publish an assessment of the supplier's performance against those KPIs annually during the lifetime of the contract. The form of notice required is a contract performance notice. The notice must indicate how the contracting authority has performed against a prescribed rating scale:

Rating	Description
Good	Performance is meeting or exceeding the key performance indicators
Approaching target	Performance is close to meeting the key performance indicators
Requires improvement	Performance is below the key performance indicators
Inadequate	Performance is significantly below the key performance indicators

The notice needs to only contain information about the three KPIs considered most material at the time the contract performance notice is published, these could be different to the KPIs published in the contract details notice. We do not need to report on all KPIs if there are more than three.

SLH must pay valid, undisputed invoices received in respect of regulated contracts within 30 days. Every six months we have to report on how well we have complied with the obligation to pay valid, undisputed invoices within 30 days.

SLH must issue a payments compliance notice on the central digital platform within 30 days of 31 March and 30 September each year reporting on the previous reporting period. These must be signed by, and identify, the Finance Manager or Head of Finance. The notice must set out the percentage of payments due in the reporting period that were paid:

- Within 30 days
- Between 31 and 60 days.
- After 61 days.
- Were payable but not paid.

6. Supplier management

Supplier management is classified as either contracted or uncontracted. Contracted suppliers are those with whom, as the name suggests, we have a formal contract in place and consequently hold a reasonable amount of information about the supplier. Uncontracted suppliers are those from whom we procure goods and/or services on an ad-hoc basis, and we hold little or no supplier information beyond Name, address, VAT / CIS registration and payment details.

Regardless of a supplier’s contracted status, both our internal controls and public law place a series of responsibilities on SLH to ensure that all suppliers we do business with can evidence their compliance with:

- Our due diligence criteria (e.g. credit checks)
- Professional accreditations relevant to the services delivered.
- The Modern Slavery Act 2015
- The UK Corporate Governance Code 2018
- The Companies Act 2006
- The Health & Safety at Work Act 1974.
- Data Protection Act 2018

Proof of compliance for each of the above criteria will be held against the supplier record within our contract register.

The majority of our spend will be with contracted suppliers; however, even at modest spend levels, because of the limited visibility of uncontracted spend and the potential for lesser levels of due diligence, it presents a risk. To mitigate this risk, quarterly finance system spend analysis will be compared against the contract register to identify spend that risks breaching a threshold or delivers a critical service below the threshold. Where this is the case, the matter will be referred to PGB, who can require a formal contract to be procured.

7. Our values and procurement

Whilst the controls and regulations listed at Sections 3 and 4 above determine the hard boundaries for procurement activity, within those constraints SLH's culture sets the tone for all procurement activity and allow it to leverage spend for social and environmental good.

(i) The SLH employment offer
SLH recognise that different types of contracts offer widely varying levels of opportunity to contribute to employment outcomes, but wherever relevant, a contribution to the SLH employment offer will be a requirement of contract award.

(ii) Benefiting our communities
When the SLH employment offer does not apply, wherever permitted and practical, SLH leverage its spend to increase local economic impact. SLH will use compliant evaluation mechanisms to give preference to SME's in general and to suppliers based in the communities where we have homes. SLH will also offer suppliers the opportunity to provide social value donations to the Market Place, see section 8 for more information.

(iii) SLH's ethical standards
We will only do business with suppliers who ethically conduct themselves and specifically exclude suppliers committing acts of grave misconduct. Please refer to our Modern Slavery statement for more information. Where permitted under the terms of the contract, and at the discretion of our executive leadership team, existing suppliers found to have committed grave misconduct are subject to termination.

(iv) Tenant involvement
Where relevant, SLH will involve tenants in service design before procurements. If practical, a tenant representative should also be involved in the evaluation process; however, this will typically focus on quality responses and exclude pricing information.

Appendix A – Procurement Process: Below Threshold Notices

For "notifiable below-threshold contracts"

Compulsory Notice

Compulsory in specified circumstances

Below-threshold Tender Notice – s.87(1)

This notice must be published before "advertising" to invite tenders for a "notifiable below-threshold contract".

A below-threshold tender notice is not required where the opportunity is only advertised to particular or pre-selected suppliers.

A notifiable below-threshold contract is a regulated below threshold contract (see Schedule 1 of the Act) with an estimated value of:

(a) £12,000 (for central government)

(b) £30,000 (for all other contracting authorities)

Below-threshold Contract Details Notice – s.87(3)

A Contract Details Notice must be published as soon as reasonably practicable after entering a notifiable below-threshold contract.

Regulated below-threshold contracts do not require assessment summaries, procurement termination notices, contract termination notices or payments compliance notices.

Would a modification during the contract's lifetime make it a "convertible" contract? (ie. Does the value of the modified contract exceed the relevant threshold at Schedule 1?)

Yes

No

No further publication requirements

Contract Change Notice – s.75

Compulsory where a convertible contract is modified

A Contract Change Notice must be published where a contract becomes a convertible contract unless modifications:

(a) increase/decrease the value by

(i) more than 10% for goods/services contracts

(ii) more than 15% for works contracts

(b) increase/decrease the term of the contract by more than 10% of the maximum term.

The following notices will also apply to convertible contracts

Payments Compliance Notices – s.69

Compulsory when payment conditions are met

Within 30 days of the last 'reporting period', this notice must be published if a payment has been made under a current public contract, or that a sum owed by the authority became payable.

Setting out specified information about your compliance with the term set out in s.68(2) (payment within 30 days), and any other specified information.

A number of different contract types are excluded from this requirement (listed in s.69(6)(a) to (d)).

Has the contract been terminated?

Contract Termination Notice – s.80

Compulsory whenever a convertible contract comes to an end

Within 30 days of the contract's termination, this notice must be published.

Termination includes discharge, expiry, termination by any party, rescission or being set aside.

Not applicable to private utilities or 'user choice' direct awards.

Appendix B – Procurement Process: Above Financial Threshold Notices

Pre-procurement stage notices

Compulsory Notice

Voluntary Notice

Compulsory in specified circumstances

Pipeline Notice – s.93

Compulsory where you consider that you will pay more than £100 million under relevant contracts in the coming financial year.

Within 56 days of the start of the new financial year, this notice must be published, setting out specified information about any public contract with an estimated value of more than £2 million, in respect of which you intend to publish a tender notice or transparency notice during the reporting period.

Not applicable to private utilities or a transferred Northern Ireland authority.

Do you want to conduct pre-market engagement with potential suppliers, pre tender?

Yes

No

Preliminary Market Engagement Notice – s.17

Compulsory unless you provide reason for not doing so

This notice must set out that you intend to (or already have) engage in preliminary market engagement.

Do you want to let suppliers know about an upcoming tender?

Yes

No

Planned Procurement Notice – s.15

May be published to advertise intention of publishing a tender notice. Will constitute a “qualifying planned procurement notice” (for the purposes of reduced tendering periods) where the notice is published at least 40 days but no more than 12 months before publication of the Tender Notice.

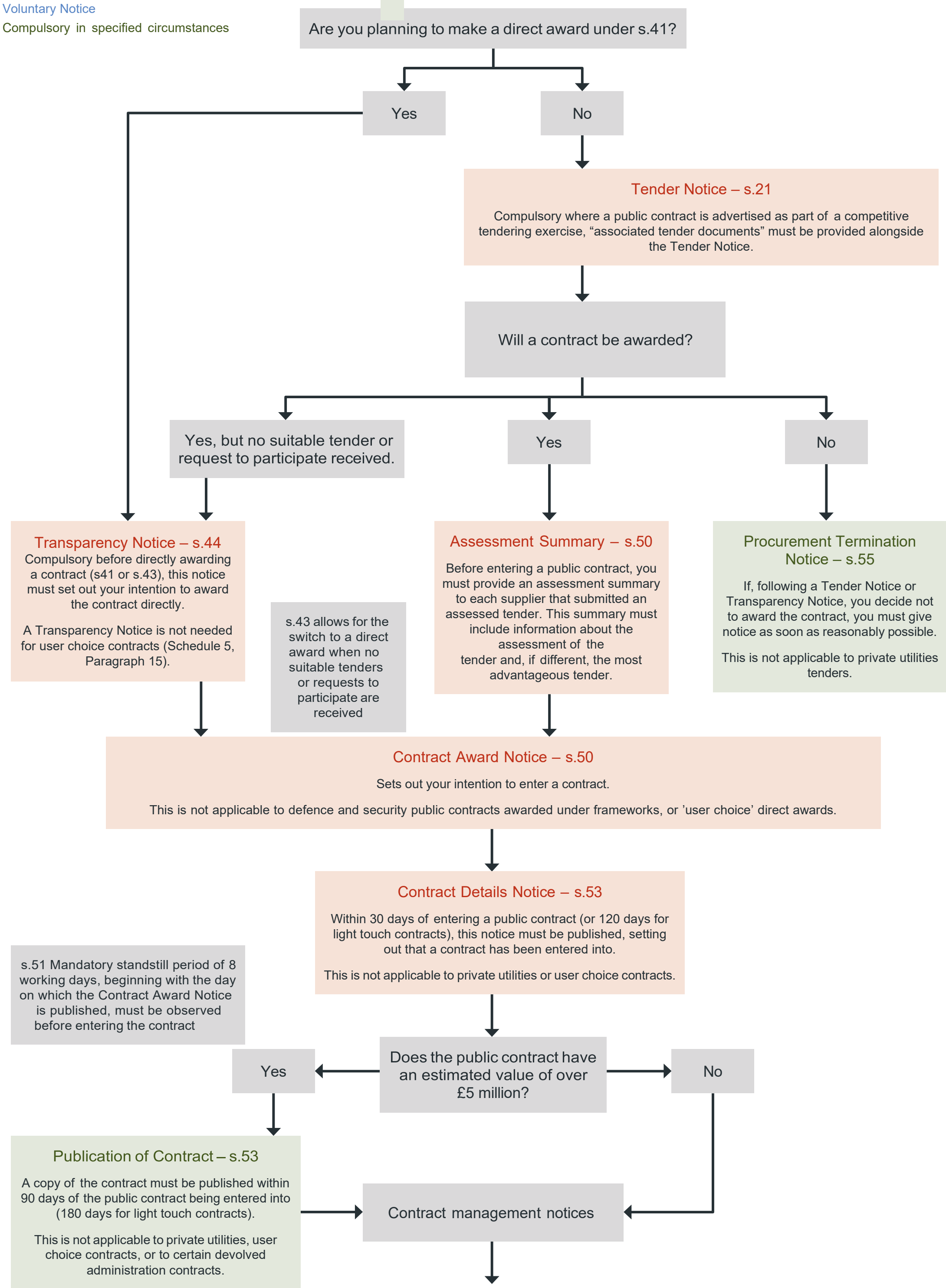
Notices for the tendering stage

Notices for the tendering stage

Compulsory Notice

Voluntary Notice

Compulsory in specified circumstances



South Liverpool Homes

Contract management notices

Compulsory Notice

Voluntary Notice

Compulsory in specified circumstances

Is there a Contract Modification?

Yes

No

Contract Change Notice – s.75

Compulsory where a public contract is modified

A Contract Change Notice must be published where a contract is modified unless modifications:

(a) increase/decrease the value by:

(i) more than 10% for goods/services contracts

(ii) more than 15% for works contracts

(b) increase/decrease the term of the contract by more than 10% of the maximum term.

Modified Contract Copy – s.77

Compulsory for qualifying modification

Within 90 days of a qualifying modification (caught by s.75) being made, a copy of the modified contract or details of the modification must be published.

Any modification to a contract with an estimated value of (or modified to be) over £5 million where a Contract Change Notice is required will be a qualifying modification.

Payment Compliance Notices – s.69

Compulsory where a payment has been made or a sum has become payable under a public contract

Within 30 days of the last 'reporting period', this notice must be published if a payment has been made under a current public contract, or that a sum owed by the authority became payable.

Setting out specified information about your compliance with the term set out in s.68(2) (payment within 30 days), and any other specified information.

Several different contract types are excluded from this requirement (listed in s.69(6)(a) to (d))

Has the contract been terminated?

Yes

Contract Termination Notice – s.80

Compulsory whenever a public contract comes to an end

Within 30 days of the contract's termination, this notice must be published.

Termination includes discharge, expiry, termination by any party, rescission or being set aside.

Not applicable to private utilities or 'user choice' direct awards.