



# Leicestershire Partnership

NHS Trust



## THE PROCUREMENT MANUAL

A guide to Procurement & Policies

Version 1.0

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## OVERVIEW

### 1.0 What is Procurement?

Procurement is defined as the acquisition of goods, services or works through a compliant process in order to obtain Best Value to meet the needs of the Trust and its patients in terms of product, quality, people, time, performance, location and price. Purchasing is a subsection of the procurement process and generally refers to the process involved in ordering goods such as requisitions, approvals, creation of purchase orders and the receipting of goods.

### 2.0 What does the Procurement Team do?

The Procurement Team manages all aspects of buying goods or services for the Trust by providing help and advice to budget holders.

We will help you select the best suppliers and achieve best overall value for money, whatever you are buying.

Some of the services that we provide include:

- Delivering cost-effective supply contracts and agreements that make savings, eliminate unnecessary costs and provide opportunities for continuous improvement for the Trust
- Managing robust competitive tendering processes that are conducted with openness and accountability
- Management and accountability of the Trust’s contract database
- Providing advice and guidance for all procurement matters
- Managing product and supplier portfolios to aggregate demand and avoid duplication
- Giving support and training for e-procurement systems
- Providing support and advice for effective contract management, where appropriate
- Developing and implementing the Procurement Strategy to deliver organisational targets

### 3.0 The purpose of this Manual

This Manual shall provide clear guidance for all Trust employees in relation to procurement activity; it will contribute to the Trust building its level of procurement maturity as required by the National Health Service (NHS) Standards of Procurement.

The Manual incorporates procurement ‘best practice’ regarding the way the Trust will manage its activities, business relationships with suppliers, and our corporate social responsibilities together with the engagement, utilisation, and authority of the key stakeholders at all stages in the procurement cycle.

The Manual shall ensure the consistent, transparent and robust application of Section 9: *Tendering and Contracting for the Purchase of Goods and Services* of the Trust’s Standing Financial Instructions (SFIs).

The SFIs shall take precedence in all instances of conflict between the Manual and the SFIs. The Public Procurement (UK) Regulations 2015 SI No. 102 (as amended) (the Regulations) shall take precedence in all instances of conflict between the SFIs and the Regulations. In case of uncertainty as to which policy or procedure should take precedence, advice from the Procurement Team must be sought before proceeding with a procurement process.

It is important to note that The Manual will not provide step by step ‘how to’ instructions as each procurement will have its own unique requirements and circumstances. In all instances, you must seek advice from the Trust’s Procurement Team.

**It is mandatory for all Trust employees to comply with the SFIs, this Manual, the Regulations, and the principles of the European Union (EU) Procurement Directives.**

## GOVERNANCE & RULES

### 4.0 PRINCIPLES OF PROCUREMENT

#### 4.1 The Procurement Processes

The procurement process for public sector bodies is governed by the UK Public Contract Regulations 2015 (Statutory Instrument Number 102) as amended. These are further supported by the Trust’s SFIs. For details regarding the appropriate procurement process please contact the Procurement Team.

#### 4.2 Value for Money

As a Public Body, the Trust is required to seek and demonstrate Value for Money (VFM) of all spend. VFM is about obtaining the maximum benefit with the resources available. It is getting the right balance between quality and cost.

VFM is best determined through the competition of a robust specification for goods, services or works in an appropriate market place and evaluated using the Most Economically Advantageous Tender (MEAT) methodology.

#### 4.3 Procurement Governance

Procurement is governed by a set of EU and UK principles that set out to ensure a ‘level playing field’ for buyers and suppliers in which to conduct business. These principles legally apply to procurement activity above the EU Public Procurement Thresholds, however the Trust will endeavour to apply the principles proportionately to all procurement activity regardless of spend. These principles are outlined in Tables 1.0 and 1.1 below:

EU Derived Principles*	
<b>Transparency</b>	Procurement activity shall be advertised appropriately to ensure market visibility and provide clear information with regards to the process, contractual requirements, performance and the method/s of evaluation being used in the determination of a successful bid.
<b>Proportionality</b>	The approach taken in any given procurement activity will be proportionate to the level of complexity, impact, risk and value of the activity as to not prevent or discourage bidders.
<b>Equality</b>	Ensuring that all providers and sectors have equal opportunity to compete where appropriate, that financial and due diligence checks apply equally and are proportionate, and that pricing and payment regimes are transparent and fair.
<b>Non-Discriminatory</b>	The consistent application of the Regulations and Trust rules to all procurement activity to ensure that no member state supplier is prevented from participating in an EU Tender on the grounds of nationality, or subject matter of the contract.
<b>Mutual Recognition</b>	Member states will recognise equivalent measures of qualifications, standards etc.

Table 1.0 – EU Principles of Procurement

\* Until exit negotiations are complete and the process enacted by the UK government, the Procurement Team foresees that all public sector bodies within the UK shall continue to comply with EU regulation as these represent “best practice”

UK Principles	
<b>Favour Competition</b>	Procurement activity should be undertaken in a competitive environment to aid in demonstrating the EU and UK principles as well as VFM.
<b>Robust</b>	Procurement activity should be legally robust to ensure compliance and account of decisions made and/or actions taken. The specification of the services and the terms and conditions shall ensure the Trust and its patients are safeguarded appropriately.
<b>Accountability</b>	All procurement activity will have an accountable officer of the Trust to sign off on the compliance of the procurement process/es used.
<b>Value for Money</b>	All procurement activity will seek and demonstrate the balance between quality and cost reflecting in a VFM decision.
<b>Quality</b>	Procurement activity will set out the minimum quality of goods, works or services / outcomes to be achieved by through the specification of the contract.

Table 1.1 – UK Principles of Procurement

#### 4.4 Effective Competition

The Trust shall ensure the effective competition of all spend with suppliers to demonstrate VFM. The level and scale of competition shall be proportionate to the level of spend, complexity and risk associated with the procurement activity. The method of competition may vary according to the procurement process being undertaken. Section 9 of the SFIs sets out the minimum requirements for competition relative to the value of the activity. Where it is uncertain as to what level of competition is appropriate, advice must be sought from the Procurement Team.

#### 4.5 Contracts Finder

The government’s Contracts Finder portal is to aid the UK in complying with the EU Directives for transparency and the simplification of procurement for businesses. The requirements are detailed within the 2015 Public Contract Regulations (PCR Part 4 Chapter 8 – 112) and are summarised as follows:

- a) Where the Trust is procuring goods, works or services in excess of £20k (excluding VAT), should the Trust advertise the opportunity anywhere (i.e. on the Trust’s portal, website or publication) then the Trust must also publish the opportunity on Contracts Finder.
- b) All contracts awarded with a value in excess of £20k (excluding VAT) shall be published on Contracts Finder.

The Trust adheres to these requirements, with all competitive tenders over £20k being published through its electronic tendering portal. This automatically links and publishes the opportunity in Contracts Finder.

#### 4.6 Exemptions to Competition

The Trust shall endeavour to undertake competitive processes wherever possible; however, there are a few exemptions that can be granted. SFI 9.9 details the grounds for exemptions. In addition, the UK and EU procurement legislation also provides grounds for exemption from

competition in specific circumstances. Wherever exemption from competition is being sought, advice must be taken from the Head of Procurement.

#### **4.7 Procurement Thresholds**

The Trust’s SFIs relate to three categories of procurement, based on the estimated value of the contract (Please see Appendix 1 for process flows for each of these three categories.)

- a. Up to £10,000
- b. £10,000 to £50,000
- b. £50,000 – £EU Threshold (Currently £118,133)
- c. Above £EU Threshold (Currently £118,133)

EU thresholds change every two years. The above values were set in January 2018. If you are reading this document after December 2019, please contact the procurement team.

#### **4.8 Methods of Procurement**

Goods, services and works should be obtained by one of the methods outlined below:

- In-house services
- Existing Trust approved contracts
- Framework agreements let through Central Procurement Bodies (e.g. Crown Commercial Services, Eastern Shires Purchasing Organisation, etc)
- The Trusts approved procurement methods outlined in the SFIs, including tendering or obtaining quotations

#### **4.9 eProcurement**

eProcurement is a fully capable electronic application for purchasing goods and services. eProcurement allows shoppers to browse online catalogues, add items to a shopping cart and submit the requisition electronically for budget holder approval.

Within the Trust we currently use a number of systems;

- Oracle iProc for raising requisitions and placing orders for goods and services with suppliers.
- NHS Supply Chain Catalogue for the purchase of national clinical and non-clinical goods.
- Due North for running complex and compliant tender exercises in a paperless environment, communicating with other electronic solutions such as Contracts Finder and OJEU to advertise opportunities and to award contracts.

The Procurement team is responsible for coordinating the Trust’s local eProcurement system in line with the DHSC NHS eProcurement Strategy (April 2014).

#### **4.10 Separation of Duties**

Procurement activity undertaken shall ensure the separation of duties to increase the protection from fraud and errors. This is achieved through dividing a process between two or more people so that no one person is responsible for the entire purchasing process.

Within our Trust, the separate duties are:

- Requisitioner
- Technical Appraisal (suitability/compliance/conformance)
- Budget Authorisation
- Acknowledgement of receipt of goods & services
- Authority to pay.

It is the Head of Service’s responsibility to ensure that all relevant staff in their departments receive the required training/support to comply with this Manual.

In addition to the authority areas, a procurement activity will ensure a number of Key Control Points such as those listed in Table 2.0 to reinforce the separation of duties:

<b>Examples of Key Control Points</b>	
<b>Specification / Requisition Process</b>	Duly authorised representative(s) to approve the specification or raise a requisition.
<b>Contract Award</b>	SFI 9.8.1 mandates who or which level of authority are duly authorised to approve/ratify the recommendation to award a contract.
<b>Goods Received</b>	The requisitioner is responsible for ensuring the goods, services or works received match those orders in all aspects.
<b>Services Performed</b>	The named Contract Manager / Authorised Officer in the contract is responsible for ensuring the performance of the services to the specified / agreed standards.

*Table 2.0 – Separation of Duties: Examples of Key Control Points*

#### 4.11 Environmental and Sustainability Considerations

All procurement activity will take into consideration the impact upon the environment with a view to supporting the Trust in delivering its sustainability programme and strategy and being a Good Corporate Citizen. Procurement decisions will take into consideration the environmental matters when creating a specification, evaluating bids and on-going contract management including;

- Greenhouse Gas emissions
- Energy consumption
- Water consumption
- Waste and recycling
- Transport
- Biodiversity, nature conservation
- Noise, land and water pollution
- Air quality
- Whole lifecycle costing for procurement contracts
- The continuous review of high expenditure goods and services to identify sustainable action plans
- Monitoring procurement carbon targets
- Meeting Government Sustainable Buying Standards for all relevant categories
- Ethical Procurement Action Plans
- Support the ‘Procuring for Carbon Reduction Hierarchy of Interventions’
- Ensuring that sustainable procurement objectives are included in the procurement appraisal process
- Measure, monitor and report on the social, environmental and economic impacts of our procurement decisions

The Sustainable Government Buying Standards will be reviewed to identify if they are applicable to the category of spend being purchased. Examples of these standards are office furniture, IT equipment, cleaning products and vehicles. A full list of the standards and their requirements are to be found at:

<https://www.gov.uk/government/collections/sustainable-procurement-the-government-buying-standards-gbs>

The Procurement Project Request form at Appendix 27 of this document will direct the Procurement Lead to consider these standards before commencing any procurement exercise.

#### **4.12 Social Value**

The Public Services (Social Value) Act 2012 sets out the requirement for public spend to consider the Social, Economic and Environmental impacts. Procurement activity within the Trust endeavours to ensure that Social Value is built into all contract specifications.

At the outset of each procurement project, the procurement lead and project sourcing group consider how the Social Value Act applies to that particular project and the measures that will be put in place to support it. This is carried out as part of the completion of the ‘Procurement Project Request form’ at Appendix 3 of this document.

Examples of considerations the Trust could look at to support Social Value could include breaking larger tenders into geographical lots to support SME’s and initiatives to reduce the impact of carbon emissions in the local community, such as using local providers to minimise the supply chain and associated logistics.

#### **4.12 Whole Life Costs**

Procurement will evaluate the whole life costs as part of their best value assessment when procuring goods and services for the organisation. This assessment will include carbon impact, supply chain, product lifespan and disposal costs. An example of this would be assessing a piece of machinery (eg fork lift truck) for initial financial outlay, environmental impacts, running costs, maintenance costs, spare part prices and disposal charges in order to benchmark costs against a number of models. Further guidance on this subject can be found at:

[https://www.cips.org/Documents/Knowledge/Procurement-Topics-and-Skills/5-Strategy-and-Policy/Procurement-Policy-Development/Whole\\_Life\\_Costing-Knowledge\\_Works.pdf](https://www.cips.org/Documents/Knowledge/Procurement-Topics-and-Skills/5-Strategy-and-Policy/Procurement-Policy-Development/Whole_Life_Costing-Knowledge_Works.pdf)

## 5 PROCUREMENT PLANNING

### 5.1 Procurement Delegated Authority

The Trust’s SFIs cover in detail the Delegation of Authority and Scheme of Delegation. Within a procurement activity, a procurement project team will establish a terms of reference in accordance with the SFIs in determining delegated authority.

### 5.2 Conflict of interest

The Trust’s SFIs cover in detail Conflict of Interest. All members of a tender evaluation team should familiarise themselves with the requirements of the *Code of Business Conduct for Trust Staff*:

<http://www.leicspart.nhs.uk/Library/CodeofBusinessConductforTrustStaffexpSep21.pdf>

### 5.3 Procurement Ethics / Code of Conduct

All procurement team members must undertake to comply with the ethical code of purchasing provided by the Chartered Institute of Procurement and Supply (CIPS).

<https://www.cips.org/en-gb/aboutcips/cips-code-of-conduct/>

All members of staff need to comply with the gifts, hospitality & commercial sponsorship policy contained within the document *Code of Business Conduct for Trust Staff*:

<http://www.leicspart.nhs.uk/Library/CodeofBusinessConductforTrustStaffexpSep21.pdf>

### 5.4 Partnering with Organisations

The Trust must ensure that all partnership working arrangements are compliant with the strategic aims, objectives and values of the Trust.

At the start of any procurement process opportunities for collaborative working should be considered on the Procurement Project Request Form. Examples of collaborative working can be:

- Framework providers – eg Crown Commercial Services or Eastern Shires Purchasing Organisation
- Geographical Cluster – Trusts in the same region and STP
- Similar Trusts – eg Mental Health Trusts

### 5.5 Procurement Strategy and the Carter Report

The aim of the Procurement Strategy is to influence and manage the entire chain of supply for all addressable non pay spend from demand through to disposal, ensuring the lowest total cost of ownership associated with goods and services, whilst at the same time ensuring the highest standards of quality and customer satisfaction are maintained.

The Trust adapts accordingly to meet the challenges of the future and reshapes its internal operations and external relationships. The Procurement Strategy sets out a focus on not just cutting costs but continuing to provide procurement support which enhances value to the organisation and protects it from external risks.

One of the key aims of the Procurement Strategy is to support and implement the recommendations of the Carter Report which sets out how organisations can improve efficiency and drive best value through reduced variation.

The Procurement Team are focusing their efforts on the 5 main themes of the Carter report, as set out in the diagram below:

Insert here

## The Basics of Buying Goods and Services

- From raising a requisition to payment of invoice

### 6 Procure to Pay (P2P) Process Details

#### 6.1 Requisition (Stage 1 in Cycle)

A requisition needs to be created for all goods and services required. Once a requisition has been raised it will automatically move within the hierarchy for approval.

All requisitions must contain accurate information reflecting the goods and services being requested such as: full description of the item or service, product code(s), contract period, unit or total cost and the budget code (cost centre & expense code) to be charged. Providing this information will enable the Procurement Team to process your requisition in a timely manner

#### 6.2 Technical Appraisal (Stage 2 in Cycle)

For certain categories of product, such as IT software, books & publications etc. additional approval is required to ensure that these items are permitted / compliant. A workflow email will be sent to the relevant technical appraiser notifying a requisition needs approving. There is a simple choice of approve or reject, if rejected a reason is sent back to the requisitioner who initiated. If approved, a workflow email will be sent to the budget holder notifying a requisition needs approving.

#### 6.3 Financial Approval (Stage 3 in Cycle)

A workflow email will be sent to the budget manager (s) notifying a requisition needs approving. The budget manager should check that correct budget code has been selected and the goods and services requested present no risk of harm to the staff or patients. Once approved the Procurement Team can process the requisition. For catalogue items, the order will be dispatched to the supplier.

#### 6.4 Buyer Approval (Stage 4 in Cycle)

As part of the approval process, the Procurement Team will confirm that the product details, supplier, price etc. are accurate, ensuring our purchase order conveys the correct details to the supplier.

As a result of a quoting exercise, the requisition could be amended to direct the requirement to a different supplier who offers more competitive price/terms, or to a catalogue item already listed. In some instances a new supplier may be required.

##### 6.4.1 Supplier Approval and Appraisal

For a supplier to receive a Purchase order from the Trust they must be listed within the supplier database of the purchasing system. This database is managed by the Procurement Team.

When a new supplier has been requested procurement will check if the supplier is already listed within the purchasing system or if the goods or services can be obtained from an alternative supplier.

Where new suppliers have been requested the following information must be contained within the requisition: supplier name and address, contact name, telephone

number and email address. This will enable the Procurement Team to contact the supplier to obtain the correct information to set up a supplier account.

Upon receipt of information from the supplier, procurement approves and adds to the supplier database.

#### **6.4.2 Purchase Order**

Staff should not ask for goods or services to be supplied without an official purchase order, which is created from an approved requisition. This is to ensure all orders are placed with correct authorisation and to prevent delays in processing invoices.

The purchase order is a formal request to the supplier to deliver goods or services according to the terms and prices agreed upon. The purchase orders should be checked to see if suppliers have supplied the correct goods in the correct quantity. Purchase orders can also serve as support in any legal disputes if they arise between you and the supplier.

#### **6.5 Goods Receipt (Stage 5 in Cycle)**

Where goods have been delivered or services provided against a purchase order, a Goods Receipt Note (GRN) will need to be created. This confirms that the goods or services have been completed and no problems have arisen. Receipting of goods is generally carried out by the requisitioner.

Failure to GRN in a timely manner will have an impact on the payment authorisation process.

#### **6.6 Payment of Invoice (Stage 6 in Cycle)**

When goods have been delivered or services provided, the supplier will raise an invoice to the value of what has been supplied (inclusive of VAT) for the Trust to pay.

All supplier invoices must state an in date purchase order number, sent directly to the Finance Department via email at: [lptinvoices@leics.nhs.uk](mailto:lptinvoices@leics.nhs.uk) and addressed as follows:

LEICESTERSHIRE PARTNERSHIP TRUST  
FINANCE (ACCOUNTS PAYABLE) DEPARTMENT  
ROOM 170 PENN LLOYD BUILDING  
COUNTY HALL  
GLENFIELD  
LEICESTERSHIRE  
LE3 8TB

Once the invoice is received, finance will scan the invoice so it will appear on the purchase ledger under the correct supplier account and purchase order.

Once a GRN has been completed and matched to the correct supplier invoice and purchase order number the invoice is authorised for payment and will be included on the next available payment run.

## **Tendering and Contracting**

### **- High Value and Long Term Procurement Processes**

#### **7 Invitation for Bids / Proposals**

##### **7.1 Procurement Project Request Form**

For all projects / processes requiring a competitive procurement exercise, the requesting officer will be required to complete the Procurement Project Request Form (see Appendix 3). This will ensure the project is signed off appropriately for governance, financial and budgetary approval, contract management arrangements etc.

##### **7.2 Specification**

Procurement will work with the key stakeholders to agree the specification, evaluation criteria and weightings. Specifications fulfill two basic purposes: to communicate effectively the Trust's requirements to all bidders, and to allow measurement as to whether the goods or services delivered meet the required standard.

##### **7.3 Contract Notices (call to competition)**

The Contract Notice acts as a call for competition or advertisement for a specific contract and should be published via the appropriate website (e.g. Contracts Finder or the Official Journal of the European Union) as soon as possible after the intention to tender has been formed. It provides specific details of the contract as well as criteria for applicants to be selected for invitation to tender in the restricted and competitive procedures.

##### **7.4 Letter of Invitation**

A covering letter must be included in all Invitation to Tender (ITT) opportunities. The Letter should provide a summary of the key points regarding the opportunity and the contact details for the lead Procurement Officer.

##### **7.5 Instructions to Bidders**

The ITT documents must include a clear and explicit set of instructions to all bidders regarding how to bid, how bids will be assessed and details of any mandatory requirements / exclusive criteria.

#### **7.6 Currencies and Payments**

All ITT documents must state that prices submitted must be in Great British Pounds (GBP) Sterling (£) and show the total value excluding Value Added Tax unless otherwise specified.

#### **7.7 Submission of Offers**

The Instructions to Bidders document must make it explicitly clear as to how offers must be received including details of method (eg. electronic, paper etc), deadlines and the consequences of failing to adhere to the requirements.

#### **7.8 Receipt of Offers**

The Declarations and Form of Tender documents must accompany all bids in order for them to be received as a bona-fide offer.

#### **7.9 Bidder Queries**

ITT documents will make it explicitly clear as to the methods and deadlines applicable to all tender activity communication during the tender. Information shared with bidders should be always be followed up in writing and where appropriate, shared openly with all bidders so as to comply with the principles of procurement.

#### **7.10 Modification to Bids / Proposals**

Bidders are free to make amendments or modifications to their bids prior to the submission deadline and the Trust shall take the latest submission received prior to the deadline as the final submission. No further modification to the bids will be permitted.

The evaluation panel and/or the procurement lead will have discretion as to whether to seek clarification in relation to bids from the bidders in certain circumstances including arithmetic errors, unclear / uncertain responses or incomplete submissions. The decision to permit clarifications lies with the lead Procurement Officer and if in doubt, advice should be sought from the Head of Procurement.

### **8 Evaluation of Offers**

#### **8.1 Purpose of Evaluation**

Evaluating offers / bids ensures the application of the principles of procurement to evidence the best value offer. The ITT documents will have set out the composition and application of the evaluation methodology including the written tender response assessments, presentations, interviews, site visit and demonstrations.

Following the methodology is an essential and integral requirement as feedback to unsuccessful suppliers must include the details of the evaluated scores in comparison to the winning bidder. The procurement lead will ensure the application of the evaluation methodology as described in arriving at a recommendation for award.

#### **8.2 Opening of Bids, Quotations or Proposals**

The opening of bids, quotations or proposals must be undertaken in accordance with the Trust's SFIs.

### **8.3 Evaluation of Bids**

The evaluation of formal bids must be undertaken in accordance with the methodology defined within the tender documents and in accordance with Section 8.

#### **8.3.1 Lowest Price vs. Most Economically Advantageous Tender**

Under the 2015 Public Contract Regulations, the choice of evaluation method between Lowest Price or Most Economically Advantageous Tender (MEAT) has been removed, instead, all tenders will be evaluated using MEAT where the criteria for evaluating bids must have been set in advance of receiving bids and the weightings and sub criteria used must have also been disclosed.

#### **8.3.2 Financial Evaluation of Suppliers**

Bidders will be evaluated for financial stability using the Government’s SID4GOV – Supplier Intelligence Database for Government (<https://sid4gov.cabinetoffice.gov.uk/>) wherever possible. The tender documentation will set out all other financial assessments that will be undertaken against the bidders at various stages with the process.

### **8.4 Legal Challenges to Processes**

It is vital to get the contract award stage of the process right to avoid legal challenge. Bidders have a number of remedies available to them where authorities breach the regulations.

These include:

- Suspension of the contract award procedure
- Setting aside of unlawful decisions
- Correction of documents to remove discriminatory clauses
- Damages, including costs of tendering and possible loss of profit

Where a legal challenge is received, support must be immediately sought from the Procurement Department.

#### **8.4.1 Intention to Award**

Following approval, an Intention To Award (ITA) letter should be issued to all bidders involved disclosing the result of the evaluation and the decisions proposed. The letter will go to both successful and unsuccessful bidders and provide all information required to meet the EU Remedies Directive including:

- Name of the ‘Winning’ supplier/s
- Details of the award criteria used
- The ‘Winning’ suppliers scores shown against the Award Criteria
- Their scores shown against the award criteria

Procurement has a standard ITA template letter that meets the requirements and should be used in all instances.

#### **8.4.2 Standstill Period**

Where applicable, the Trust will, upon dispatching of an ITA letter, include the details of the 10 day standstill period before which, the Trust cannot enter into a contractual relationship. The full range of remedies is available to the court at this stage, (i.e. before the contract is let) including the power to suspend the procurement process or

to overturn the award decision. Once the contract is in existence (concluded) damages are the only remedy available in the UK courts.

A contract cannot be concluded with the winning supplier until at least the 11th calendar day at the earliest following notification. If a supplier commences legal action against an authority, consideration should be given to deferring the conclusion of the contract.

The Trust applies a voluntary standstill period for all procurement processes over £10k.

## Managing Contracts and Supplier Relationship

- Working with suppliers to improve performance

### 9 Contract Management

#### 9.1 Description

Contract management is the process of efficiently managing contract performance to maximise operational and financial benefits for the Trust and minimise risk. Contract management is an essential and vital component of procurement. Each contract will define and list the authorised representatives and their respective role/s within the contract. The contract will also define the requirements of contract monitoring and key performance indicators and/or measure, including escalation processes and any consequences of poor performance and/or failure.

#### 9.2 Risk-Based Model

The procurement team will adopt a risk-based contract management model. This will mean that high value and/or high risk contracts will involve procurement support in the contract management process. In all other contracts, procurement will provide the necessary training, tools and knowledge to enable the contract lead to perform the contract management requirements. The level of risk will be defined at the project initiation phase.

Effective contract management can be achieved by analysing contract performance regularly and holding contract review meetings with the supplier to discuss performance issues against Key Performance Indicators and / or the Service Level Agreement.

For further information a Contract Management Guide can be accessed at Appendices 24 and 25.

#### 9.3 Payment and Taxes

The payment of the contract will be governed by the terms and conditions of the individual contract. All contracts will be subject to the NHS Standard Terms and Conditions 30 day payment terms.

#### 9.4 Breach and Termination of Contract

Breach of contract and termination clauses will be governed by the terms and conditions of the individual contract.

## GENERAL

### **10 Procurement Records**

#### **10.1 Policies for Procurement Records**

The Trust must retain records at each stage of the procurement process in case of challenge in the courts or for reporting to the European Commission. These records must detail all decisions made on individual contract awards.

The majority, if not all records are now retained and stored in an electronic format.

- Requisitions & purchase orders held within the Oracle iProc system.
- Closed and archived tenders are held within the Due North solution and procurement electronic files – providing full visibility of all engagement with a project, all submissions, all correspondence & communications (in solution messaging system) key decisions and awards. Analysis of audit trail can extract data & time stamp activities by bidder, by project.
- Support project files are held electronically on the Trusts networked drives.

#### **10.2 Archiving Records**

All archived records are stored in accordance with the Trust’s IG Toolkit Corporate Records Audit.

## USEFUL LINKS

### 11 Useful Links

#### 11.1 Chartered Institute of Purchasing and Supply

<http://www.cips.org/en-GB/>

#### 11.2 Leicestershire Partnership NHS Trust’s Procurement Strategy

*Include Link*

#### 11.3 The Carter Report

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/499229/Operational\\_productivity\\_A.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499229/Operational_productivity_A.pdf)

#### 11.4 NHS E-Procurement Strategy

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/344574/NHS\\_eProcurement\\_Strategy.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/344574/NHS_eProcurement_Strategy.pdf)

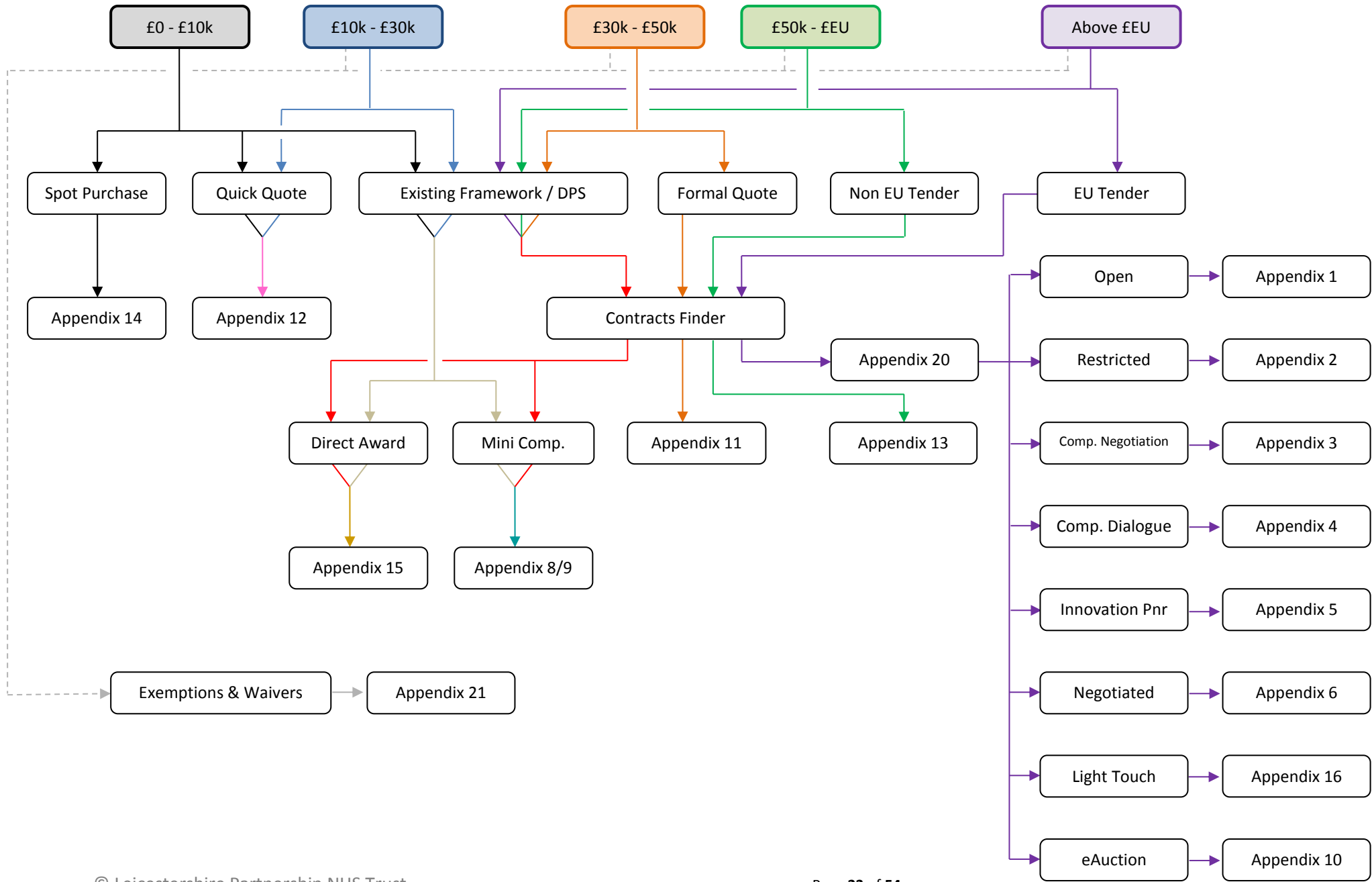
#### 11.5 Social Value Act 2012

<http://www.legislation.gov.uk/ukpga/2012/3/enacted>

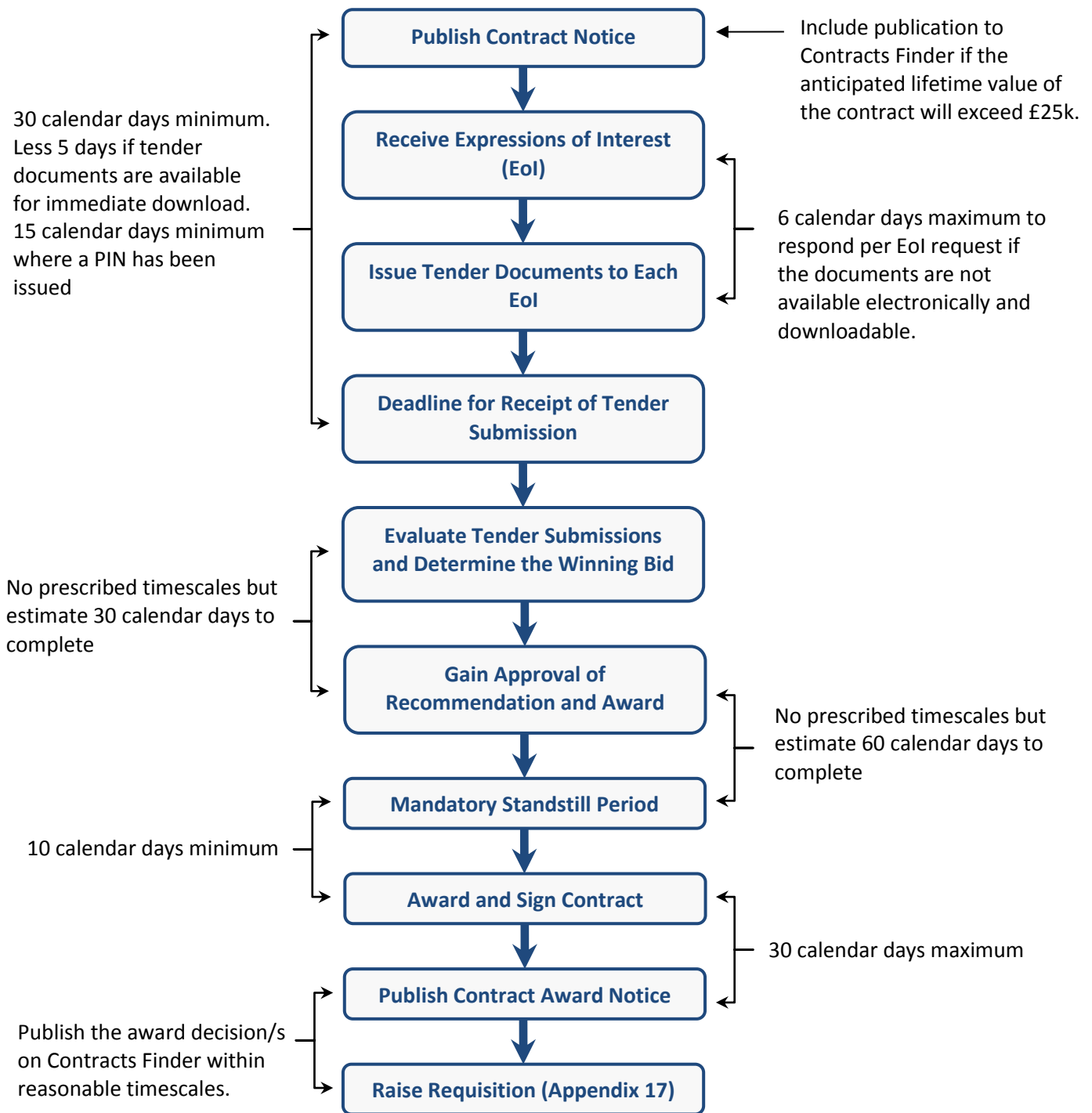
## APPENDICES

- 1.1.**Appendix 0 – Procurement Route Planner
- 1.2.**Appendix 1 – EU Open Procedure
- 1.3.**Appendix 2 – EU Restricted Procedure
- 1.4.**Appendix 3 – EU Competitive with Negotiation Procedure
- 1.5.**Appendix 4 – EU Competitive Dialogue Procedure
- 1.6.**Appendix 5 – EU Innovation Partner Procedure
- 1.7.**Appendix 6 – EU Negotiated Procedure
- 1.8.**Appendix 7 – EU Accelerated Procedure
- 1.9.**Appendix 8 – Mini Competition under a Framework
- 1.10.** Appendix 9 – Mini Competition under a Dynamic Purchasing System (DPS)
- 1.11.** Appendix 10 – EU e-Auction Procedure
- 1.12.** Appendix 11 – Formal Quote Procedure
- 1.13.** Appendix 12 – Quick Quote Procedure
- 1.14.** Appendix 13 – Non EU Tender Procedure
- 1.15.** Appendix 14 – Spot Purchase Procedure
- 1.16.** Appendix 15 – Direct Award under a Framework
- 1.17.** Appendix 16 – EU Light Touch Regime
- 1.18.** Appendix 17 – Procure To Pay (P2P) Procedure
- 1.19.** Appendix 18 – BCHC SFI Approval Process
- 1.20.** Appendix 19 – Creation of a Dynamic Purchasing System (DPS)
- 1.21.** Appendix 20 – EU Tender – Choice of Procedure
- 1.22.** Appendix 21 – Exemptions and Waiver Process
- 1.23.** Appendix 22 – Procurement Exempt Approval Process
- 1.24.** Appendix 23 – Statutory Legislation or Local SFI Breach
- 1.25.** Appendix 24 – Contract Management part 1
- 1.26.** Appendix 25 – Contract Management part 2
- 1.27.** Appendix 26 – Partnering with Organisations
- 1.28.** Appendix 27 – Procurement Project Request Form
- 1.29.** Appendix 28 – Stakeholder Mapping Template

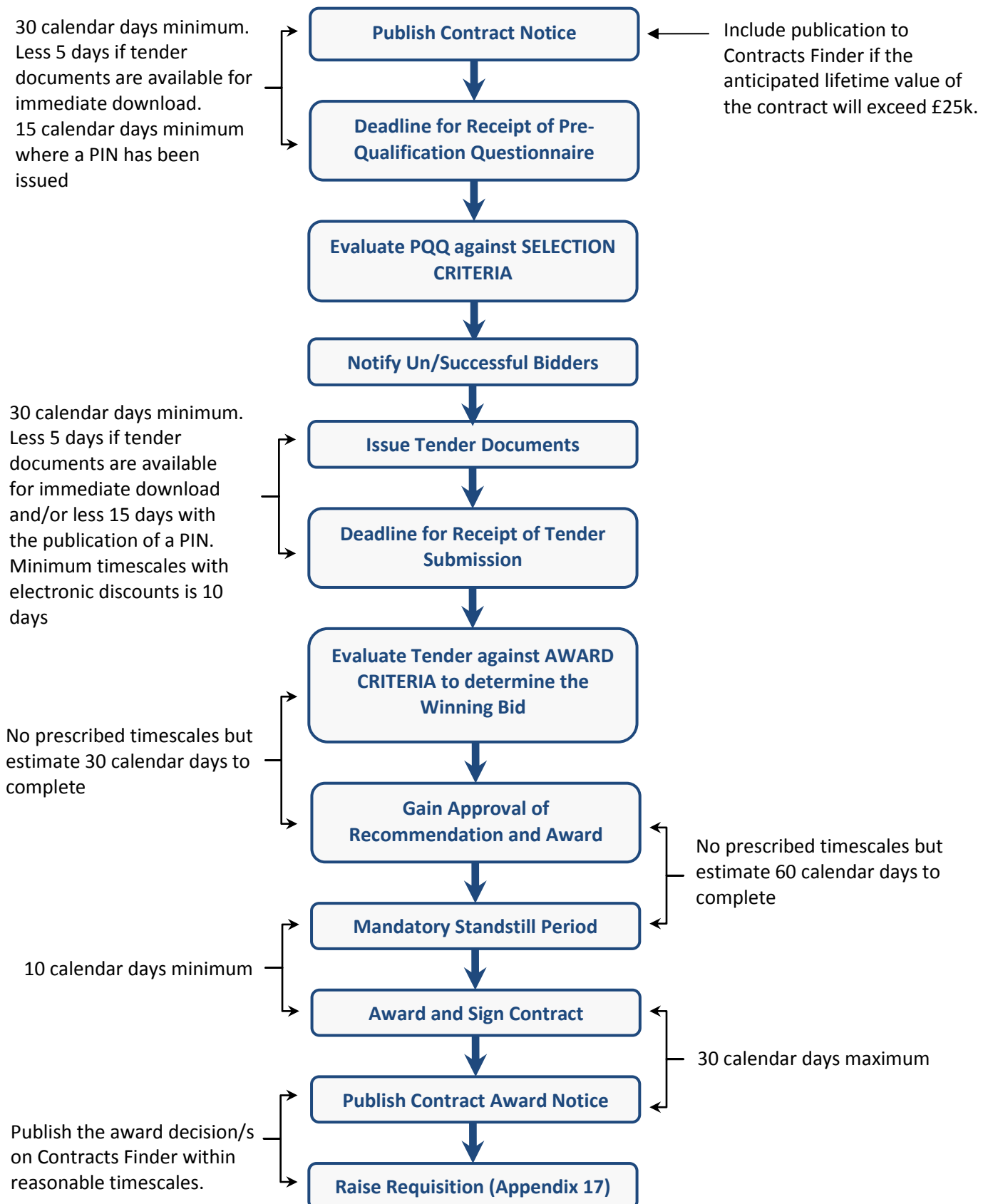
APPENDIX 0: Procurement Route Planner According to LPT SFI's



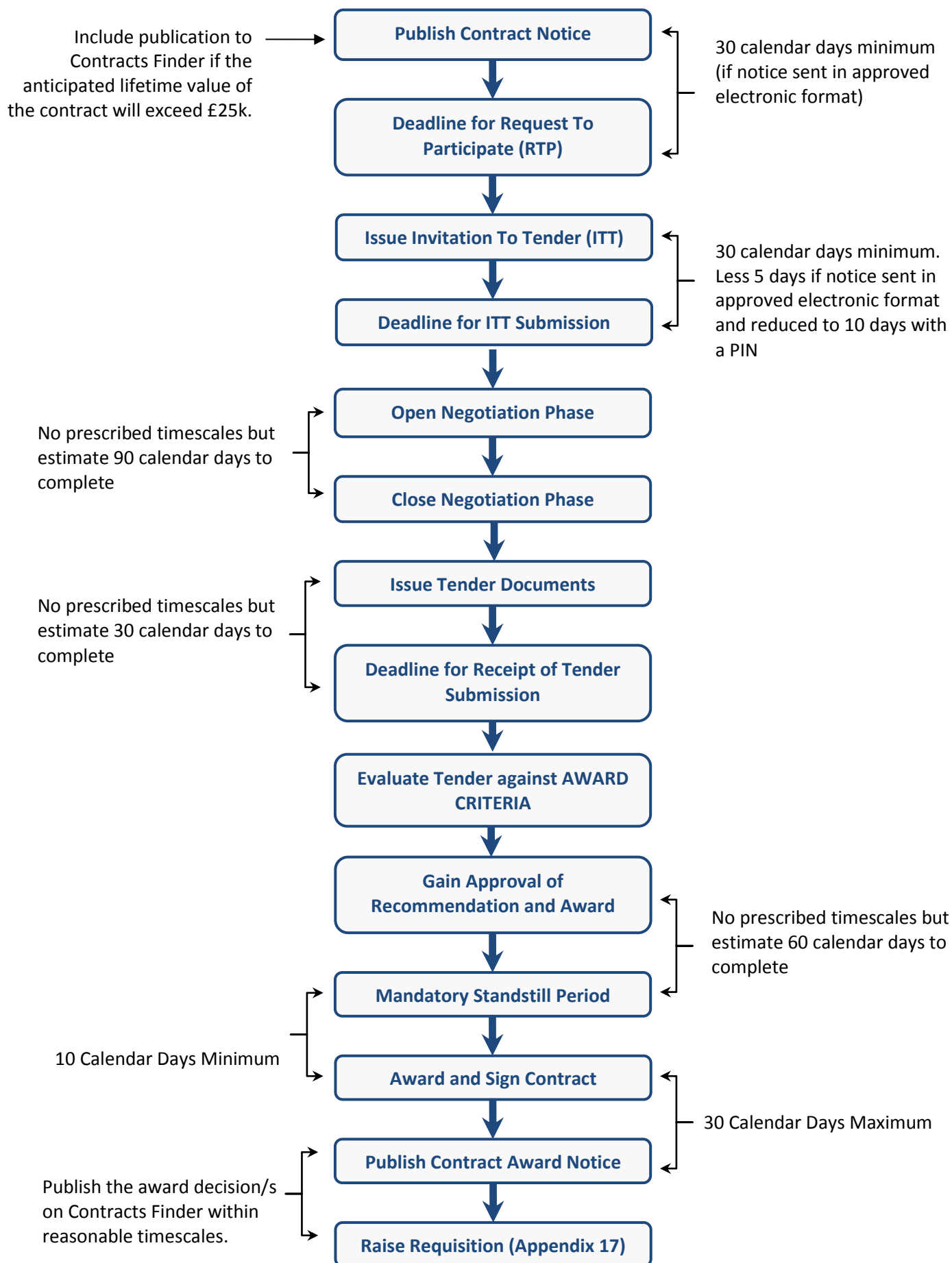
## APPENDIX 1: Open Procedure within the Public Sector



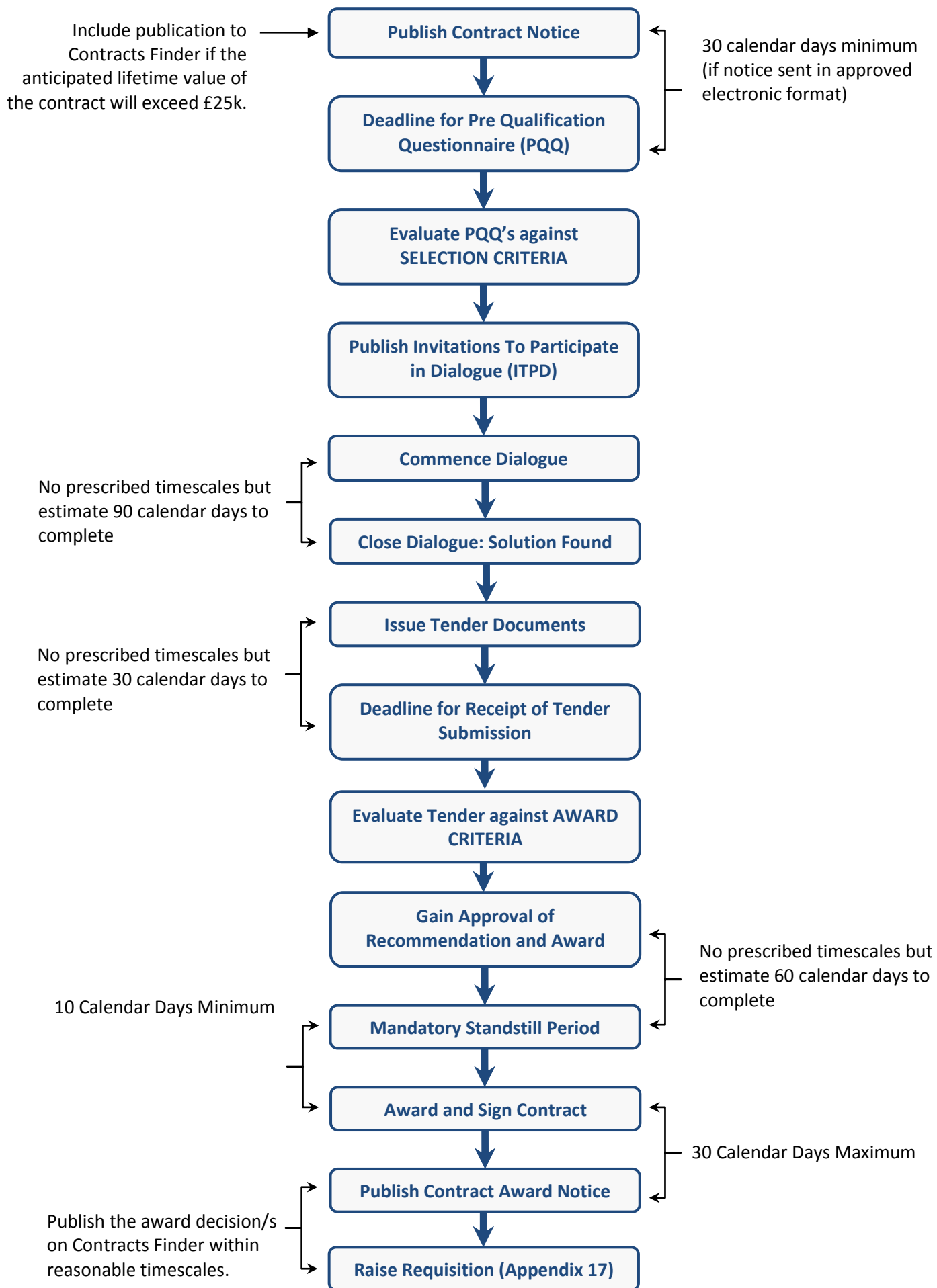
## APPENDIX 2: Restricted Procedure within the Public Sector



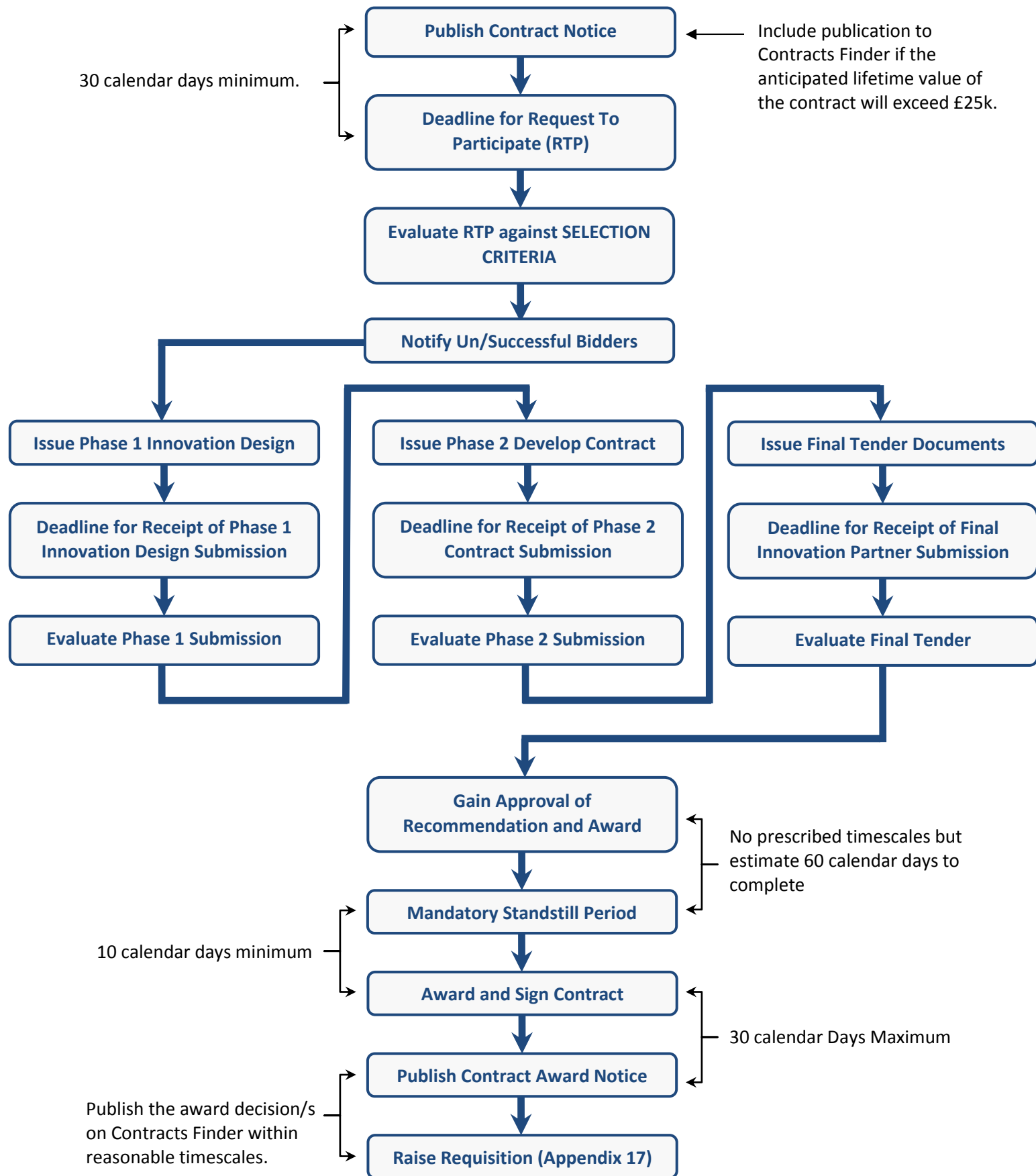
## APPENDIX 3: Competitive with Negotiation



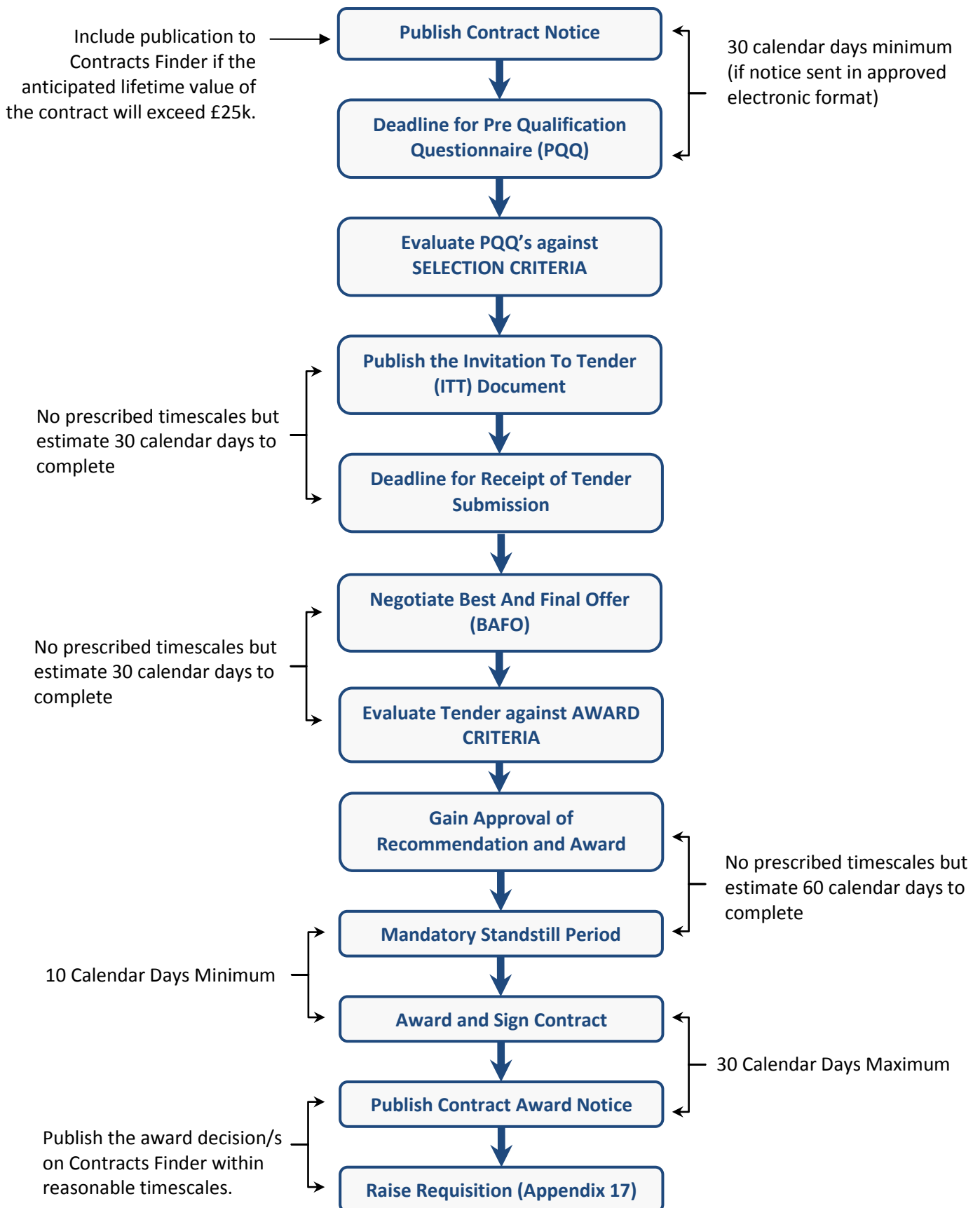
## APPENDIX 4: Competitive Dialogue Procedure within the Public Sector



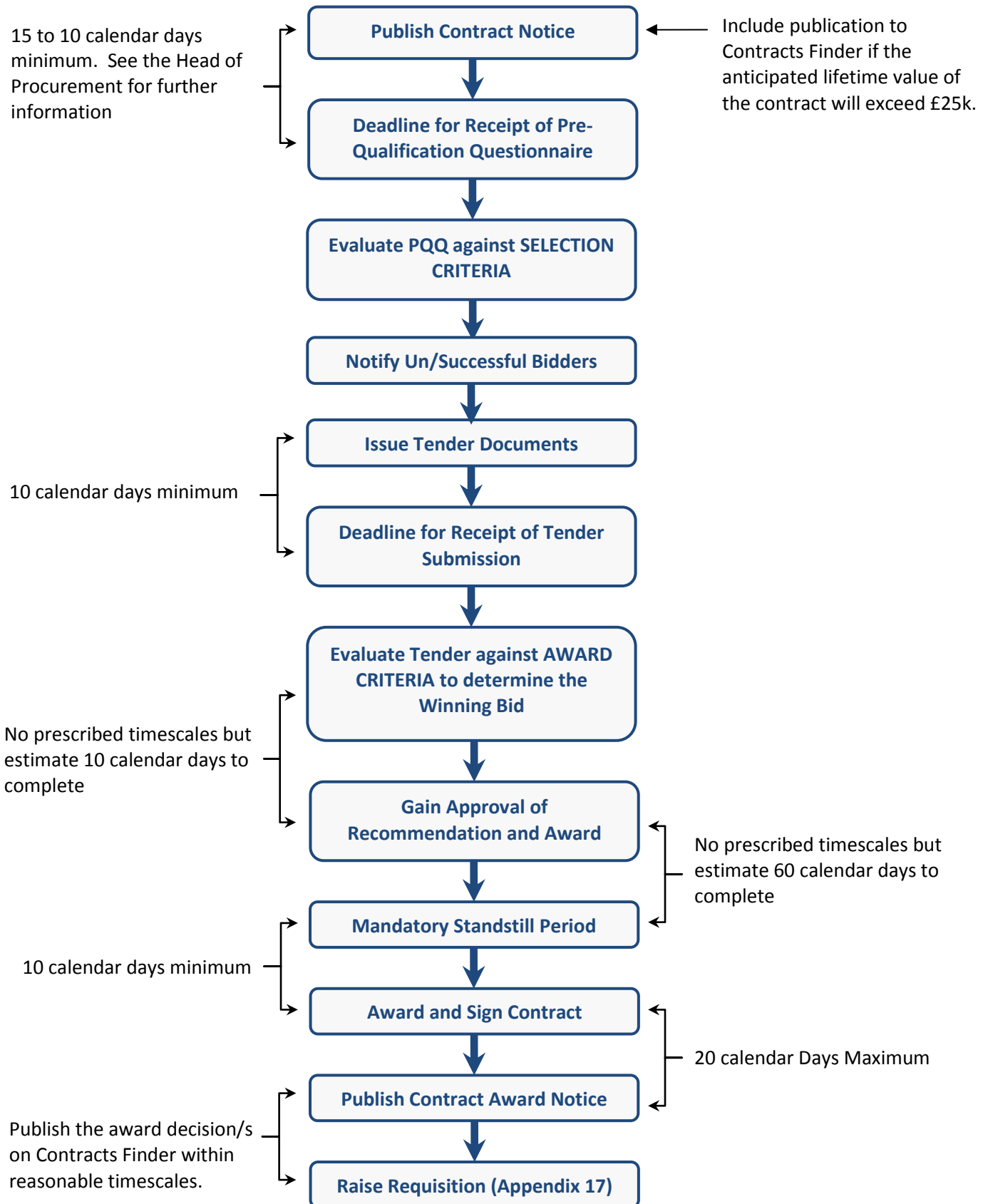
## APPENDIX 5: Innovation Partnership



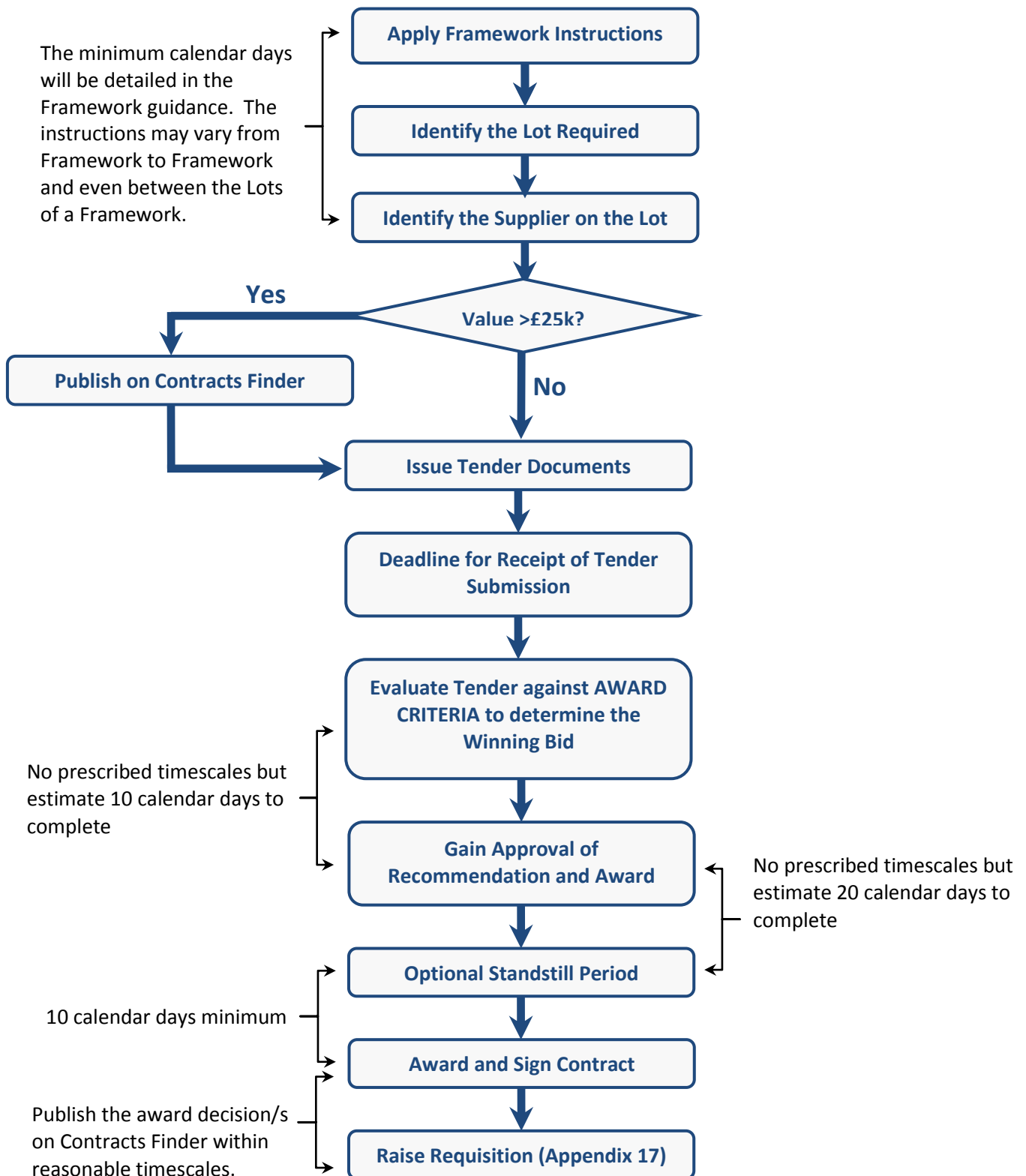
## APPENDIX 6: Negotiated Procedure within the Public Sector



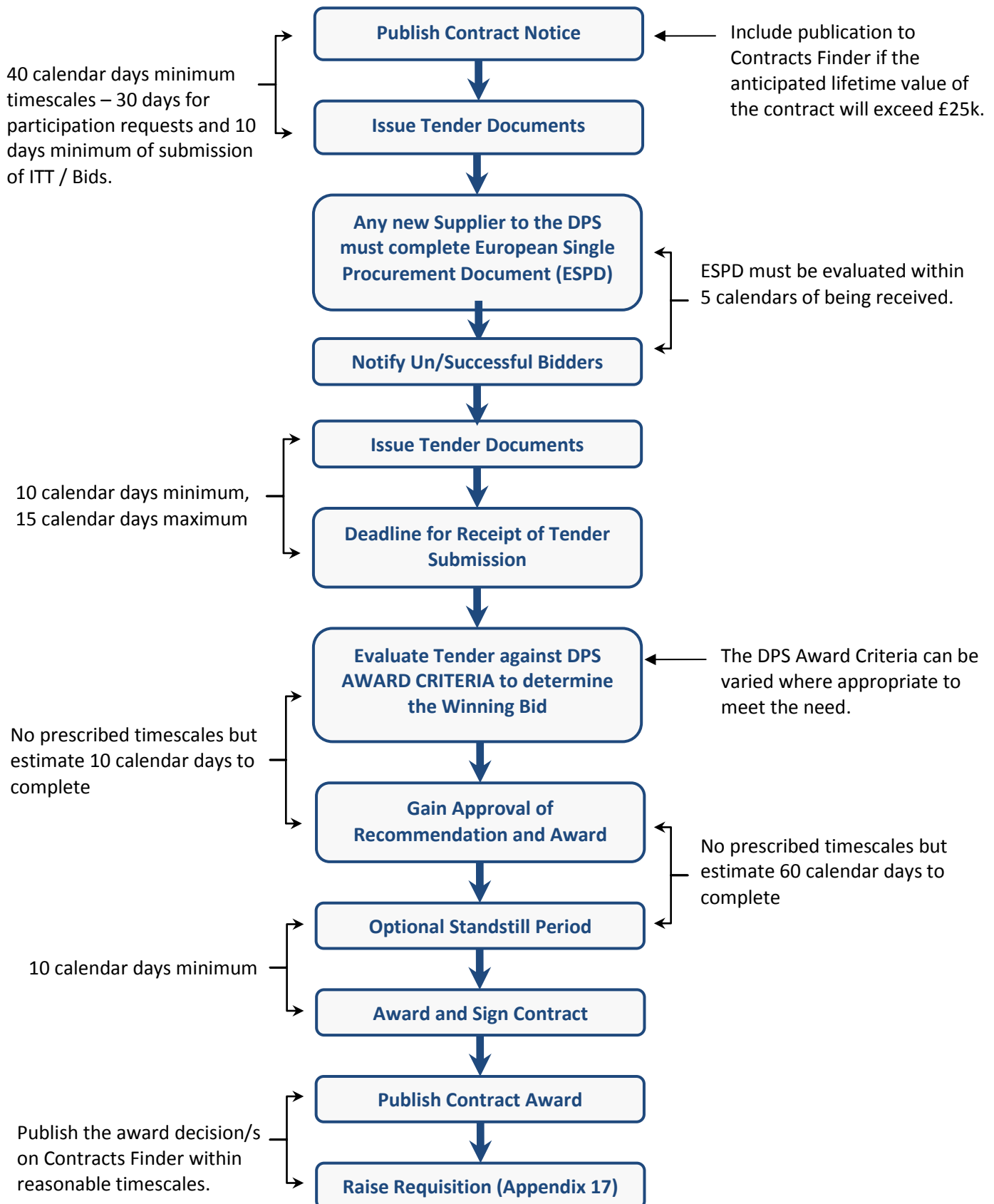
## APPENDIX 7: Accelerated Procedure within the Public Sector



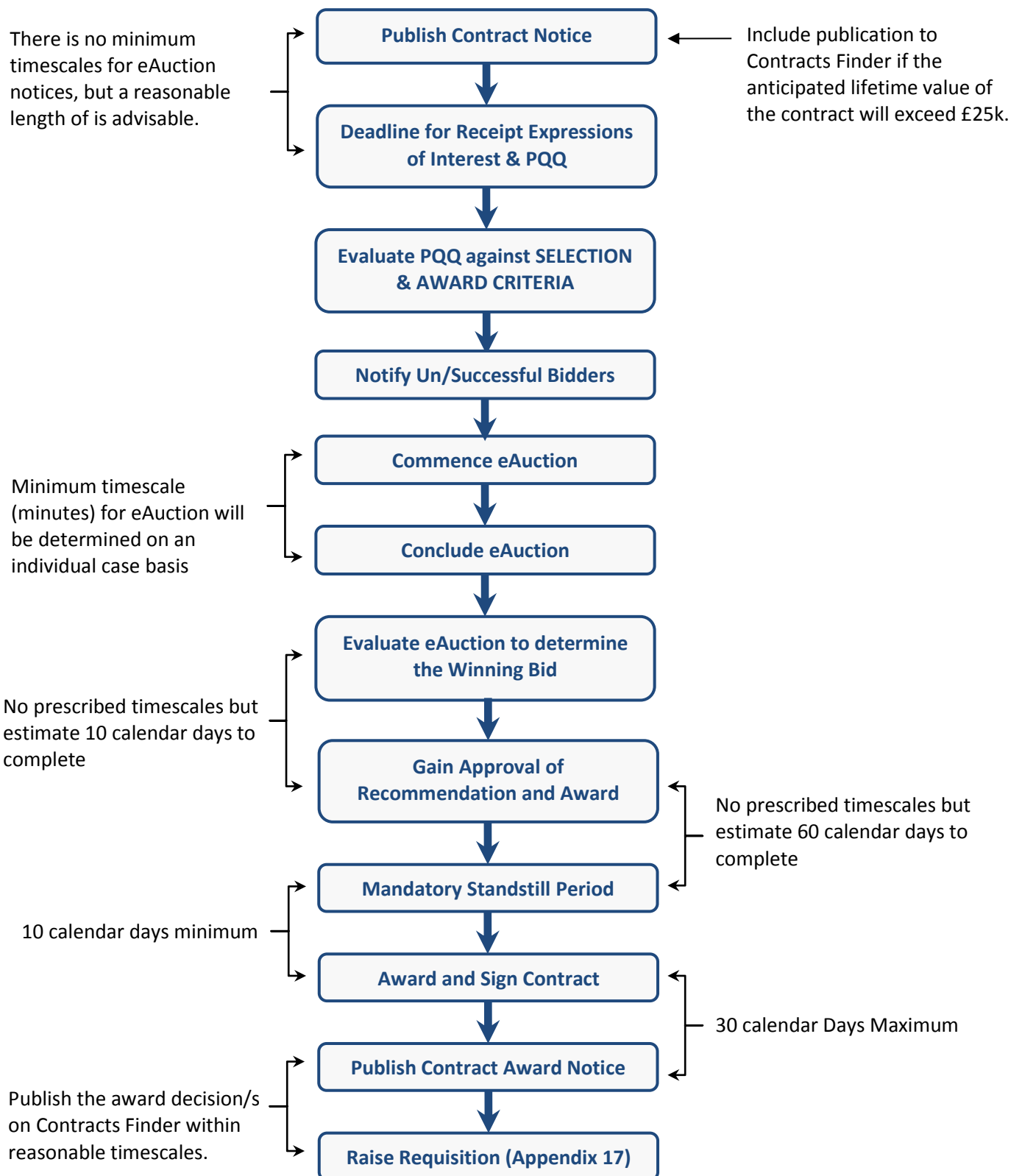
## APPENDIX 8: Frameworks - Mini Competitions



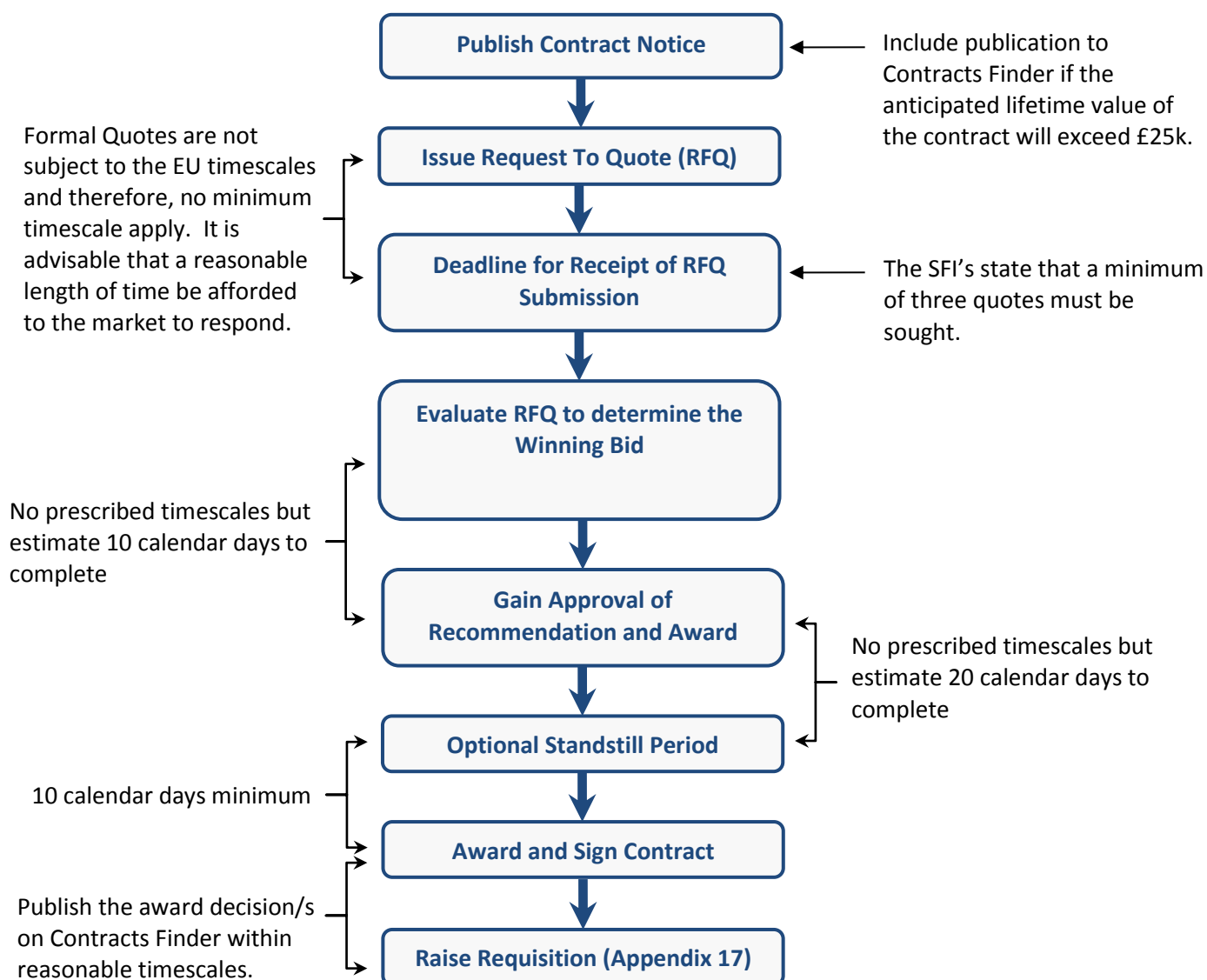
## APPENDIX 9: Dynamic Purchasing Systems



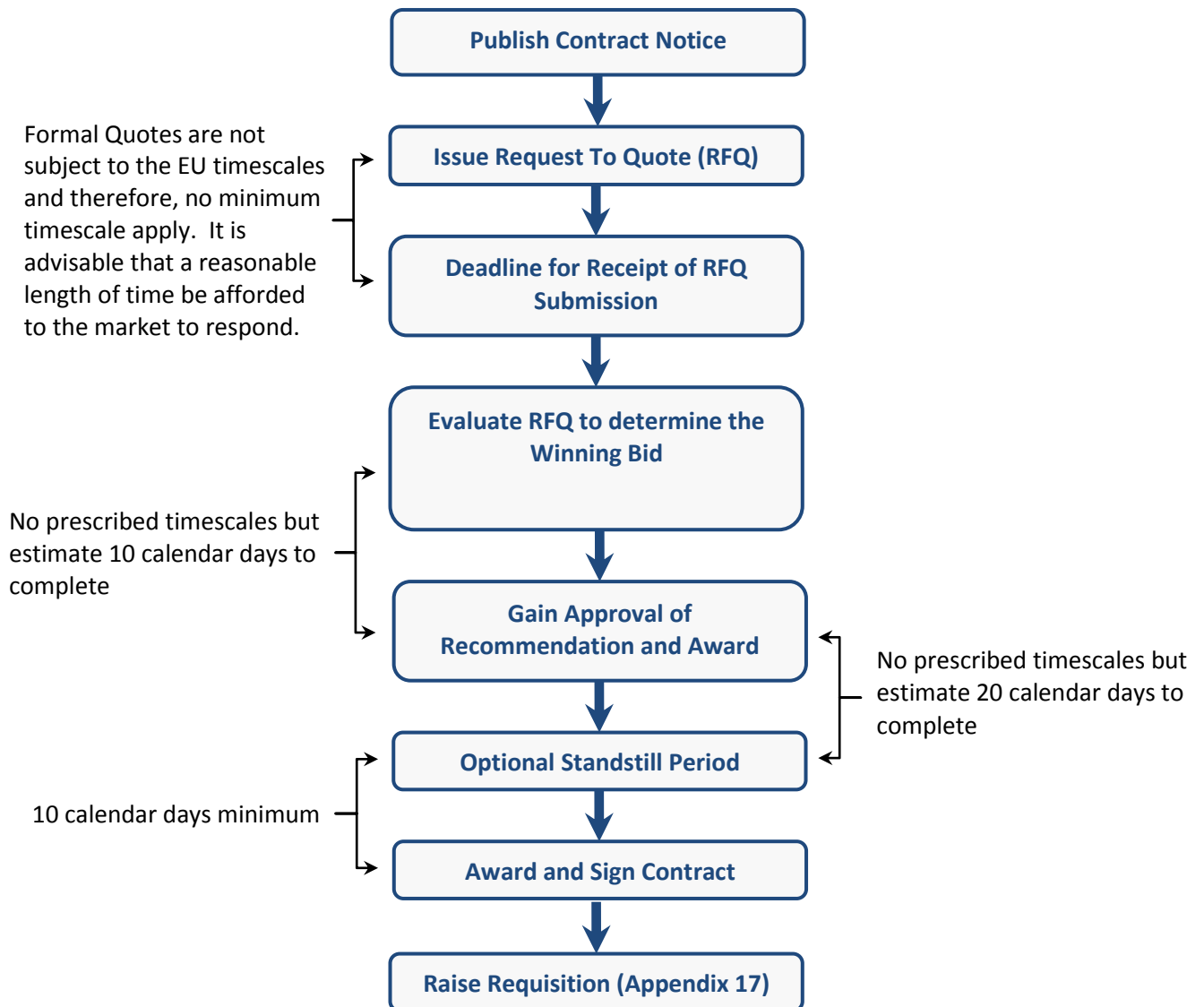
## APPENDIX 10: Electronic Auctions (eAuctions)



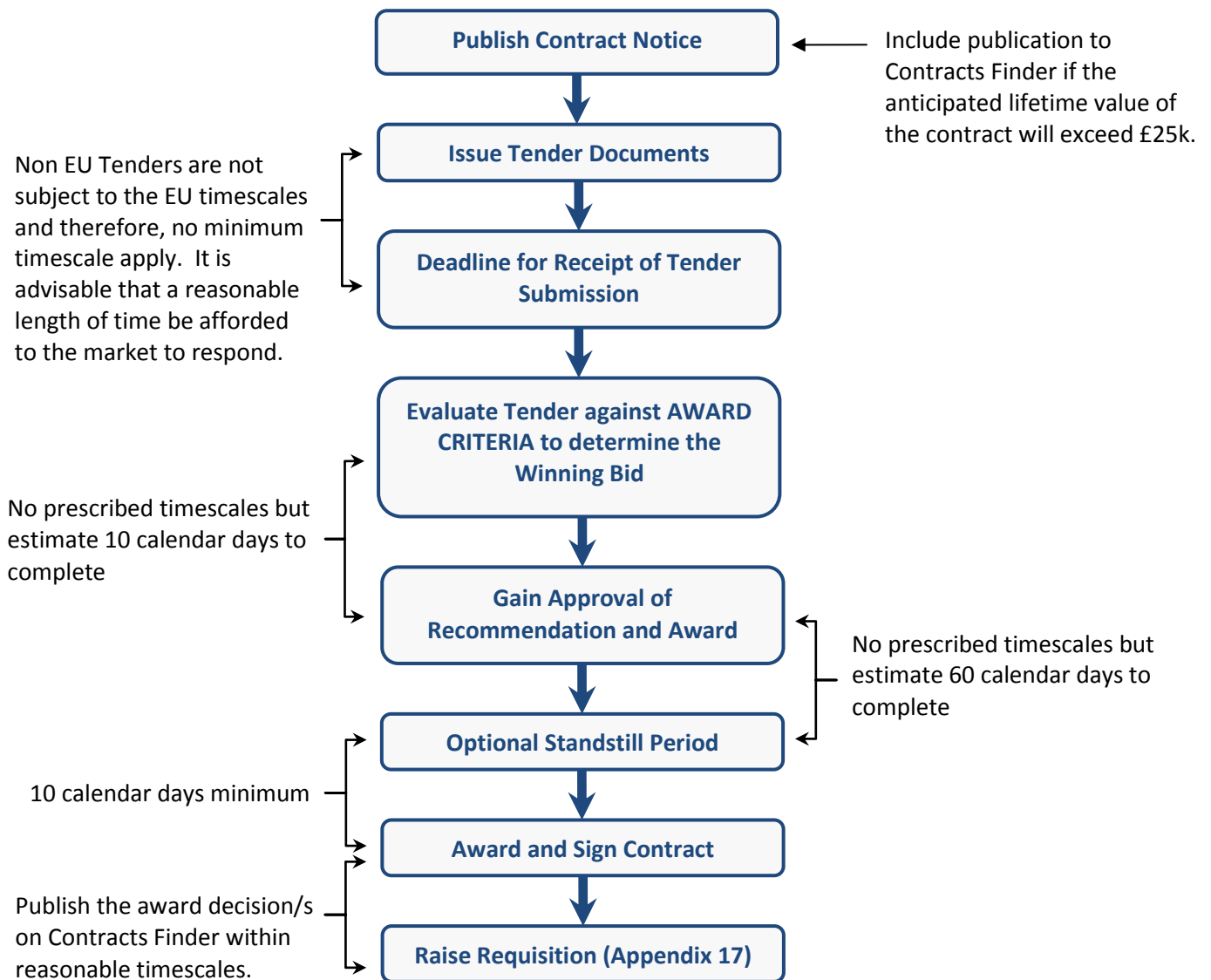
## APPENDIX 11: Formal Quotes



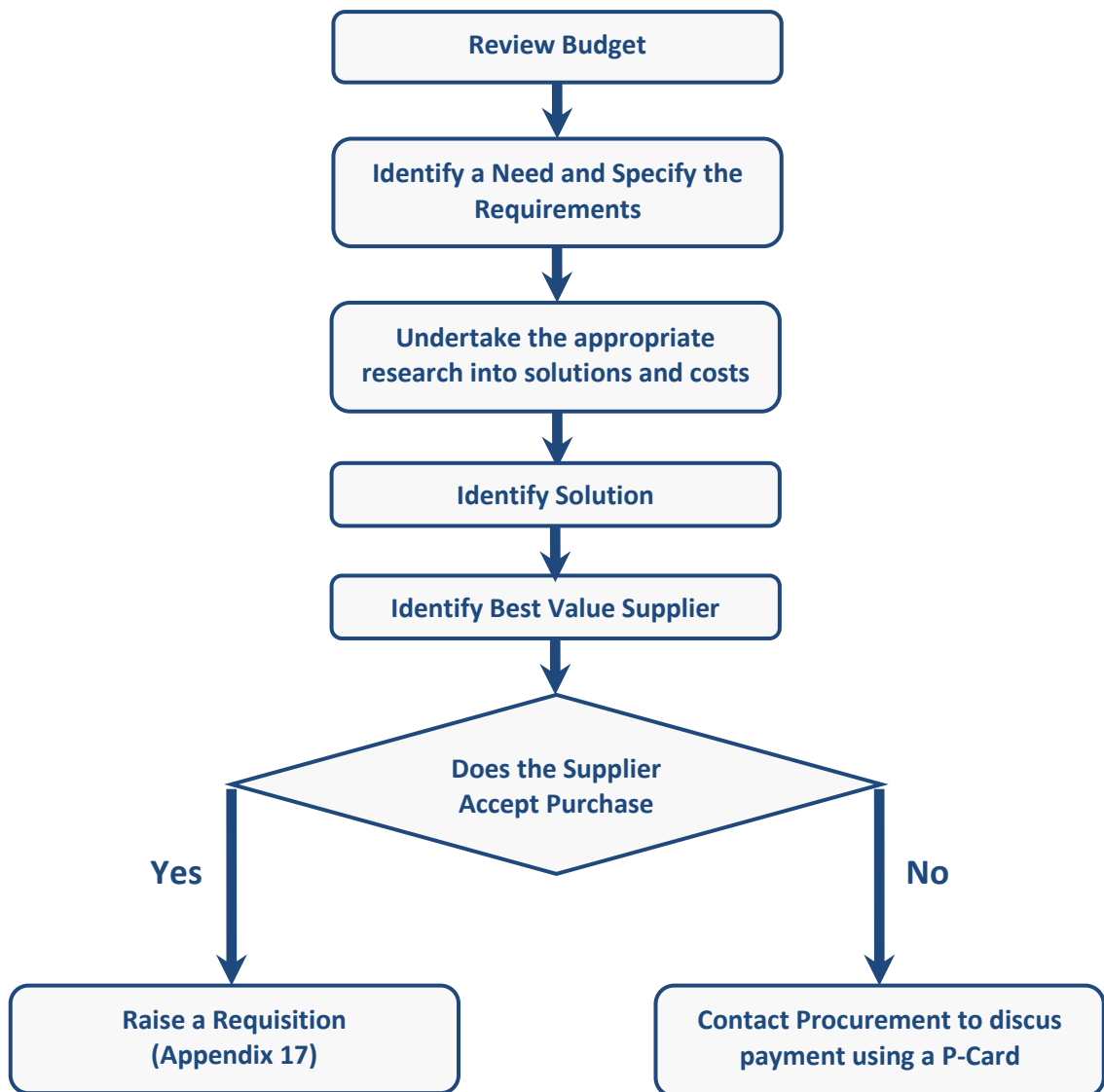
## APPENDIX 12: Quick Quotes



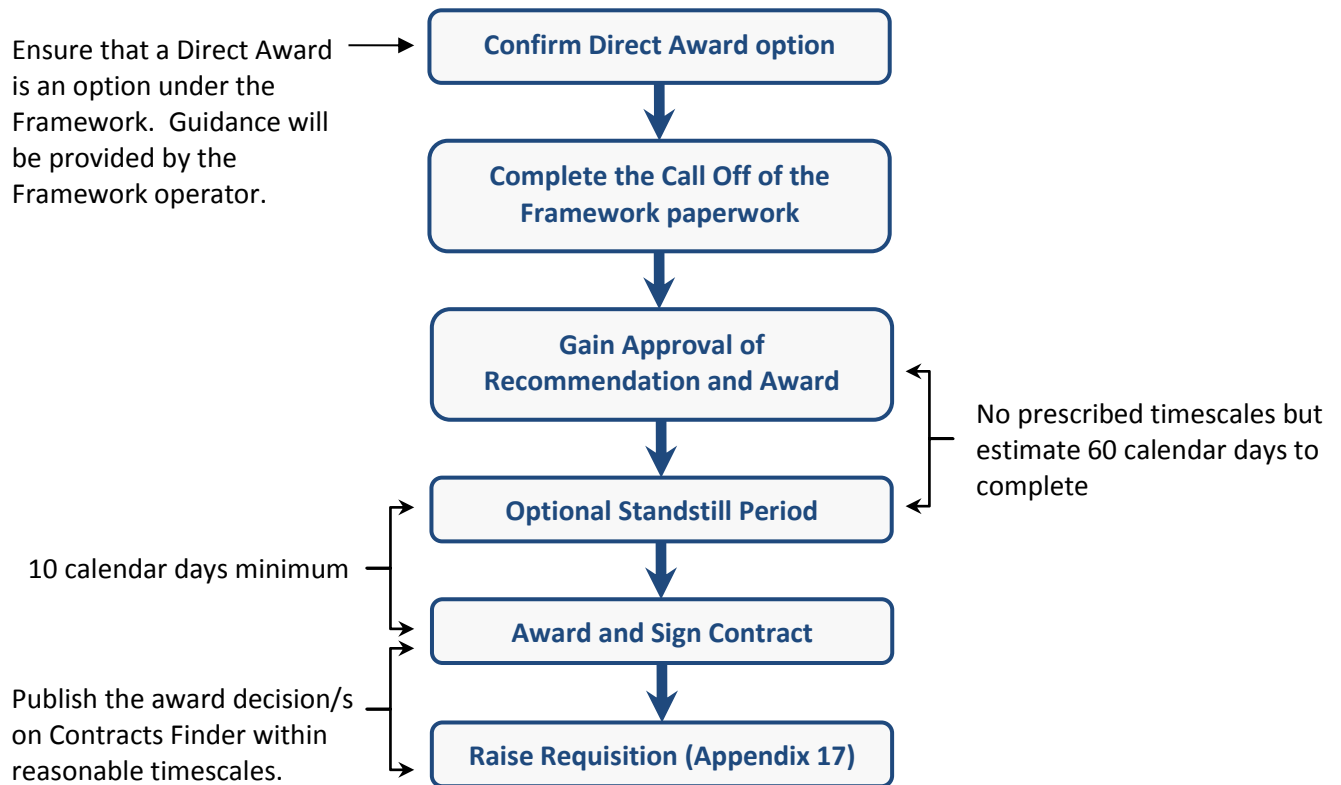
## APPENDIX 13: Non EU Tender



## APPENDIX 14: Spot Purchase



## APPENDIX 15: Direct Award under a Framework

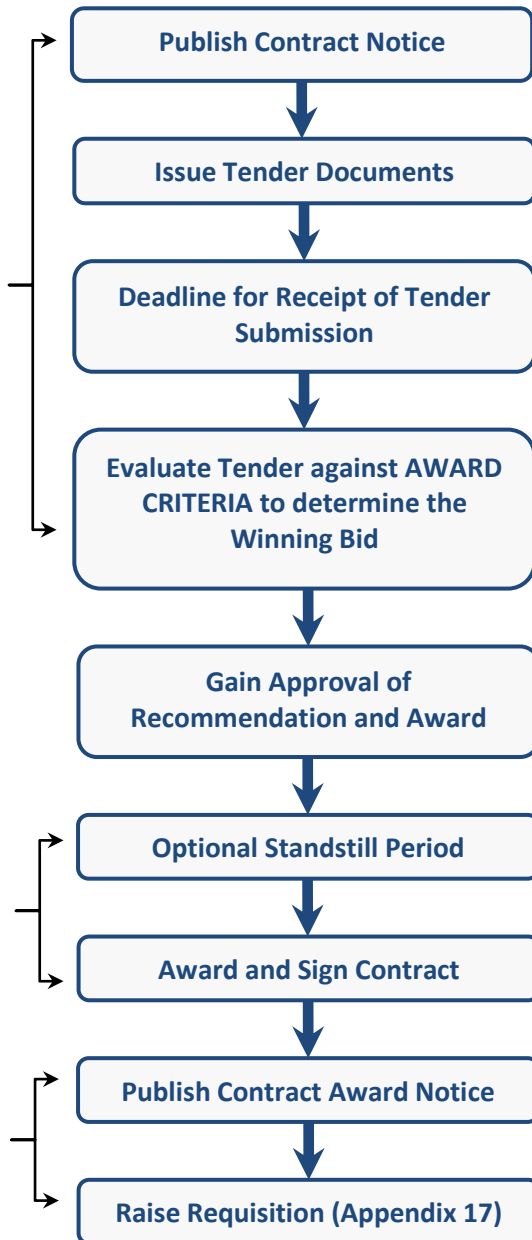


## APPENDIX 16: Light Touch Procurement (Section 74 PCR 2015)

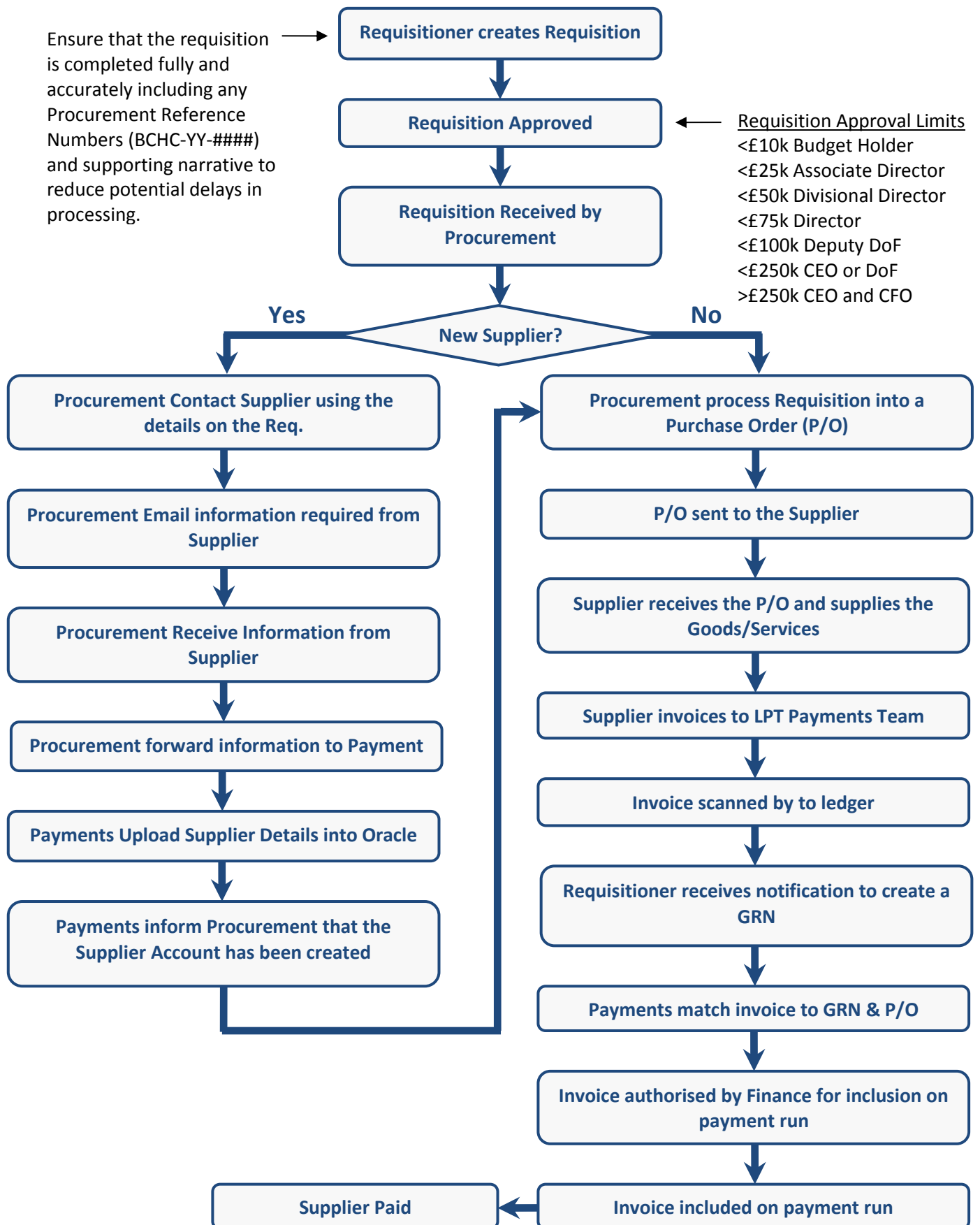
The Light Touch regime is governed under Section 74 of the Public Contract Regulations 2015 – Statutory Instrument 102 (as amended). The process shown here is reflective of an indicative best practice approach only. Section 74 relates specifically to a small set of contractual categories and may not be available in all circumstances. Advice must be sought from Procurement prior to undertaking use process.

10 calendar days minimum

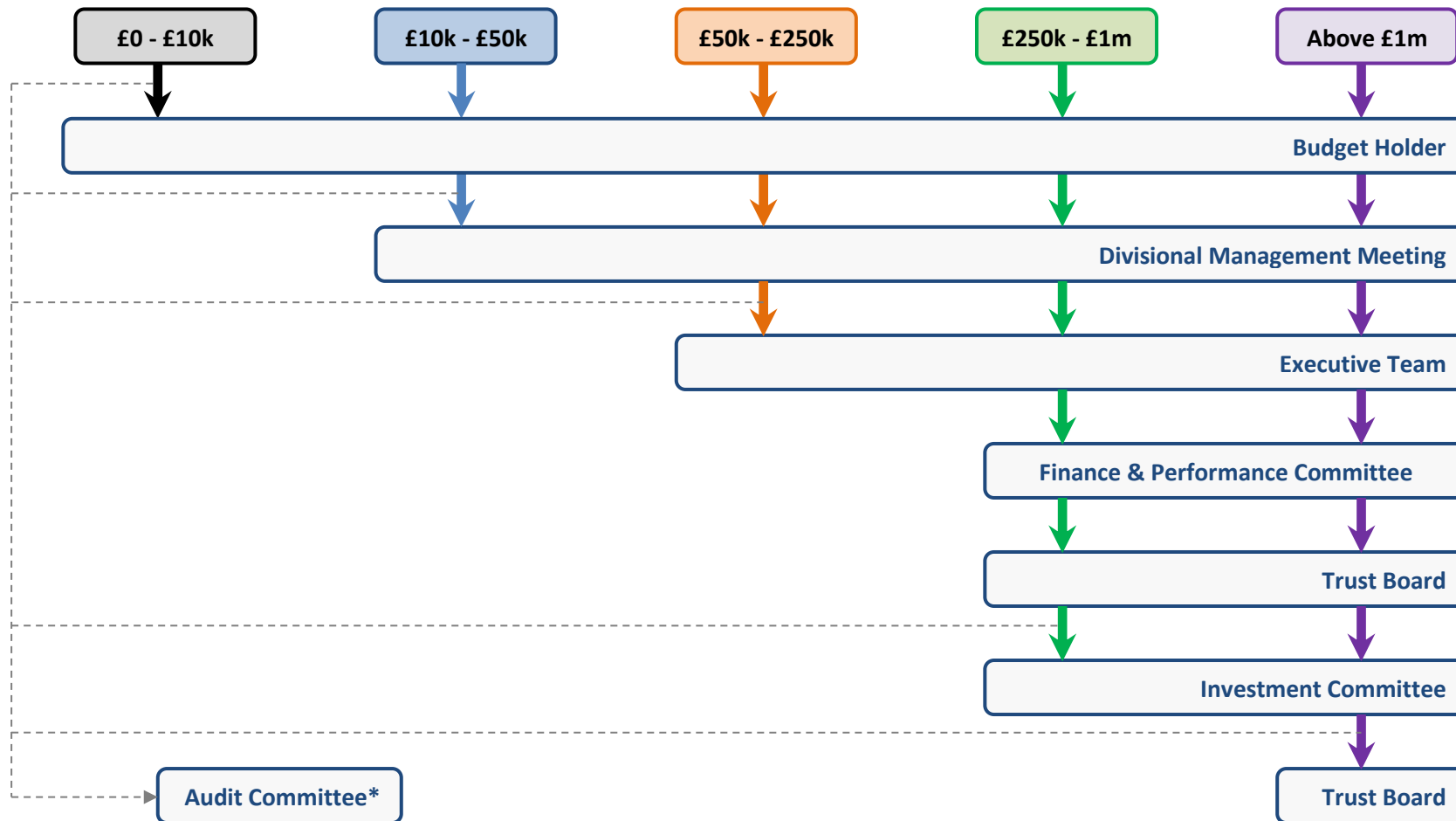
Publish the award decision/s on Contracts Finder within reasonable timescales.



## APPENDIX 17: Procurement To Pay (P2P) Process



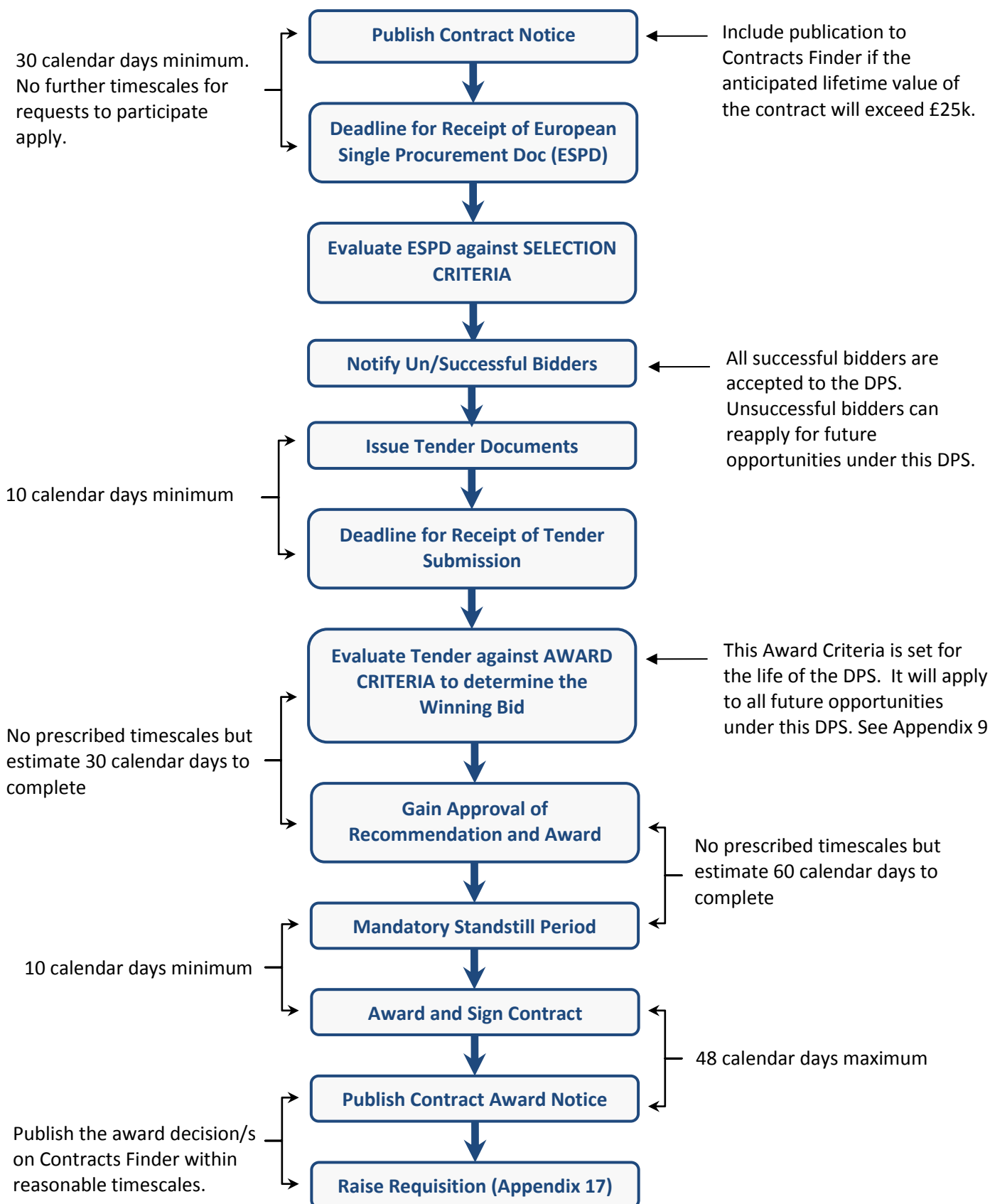
## APPENDIX 18: LPT Standing Financial Instructions - Procurement Approval Process



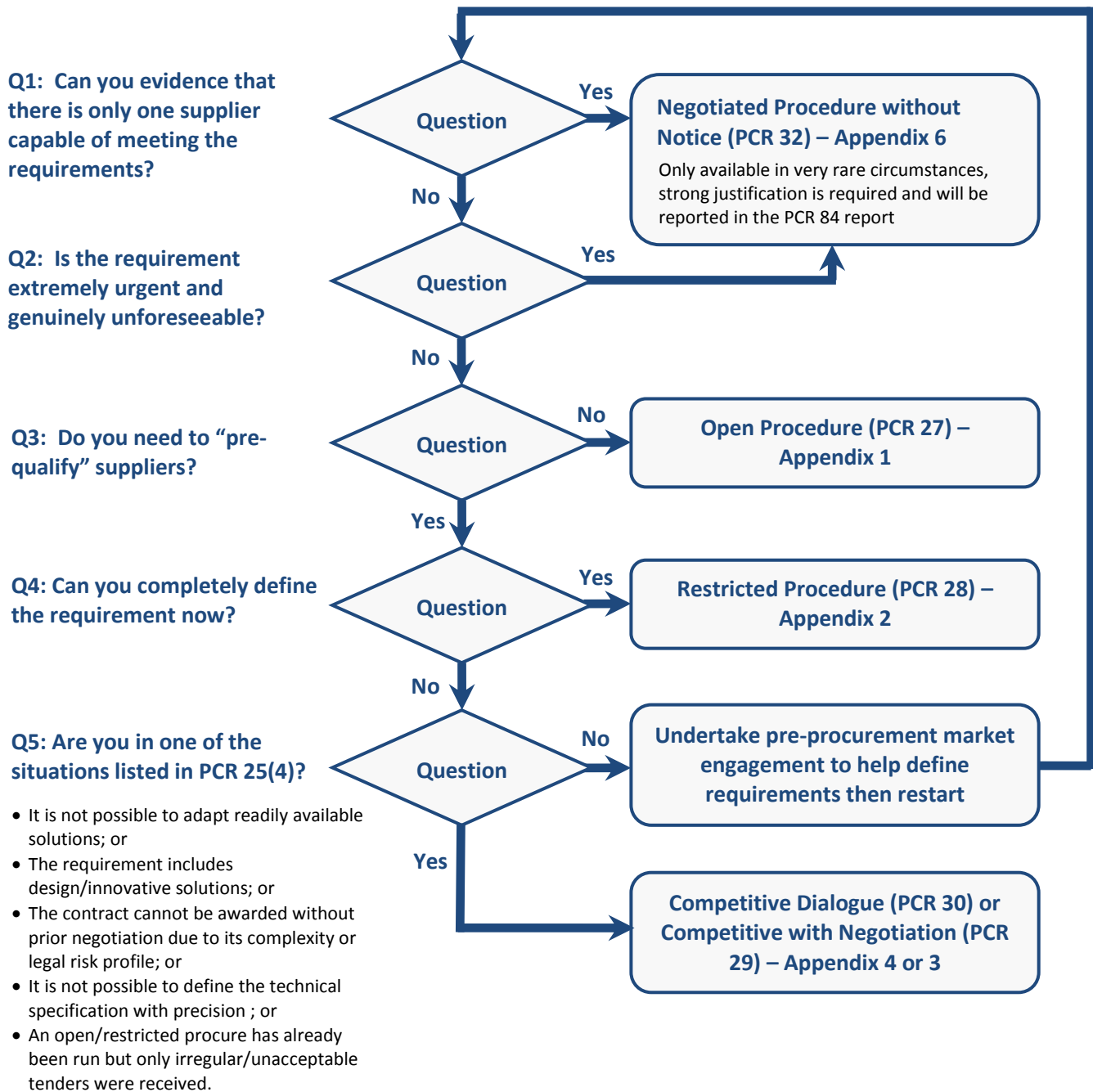
\* Management Board may take place at any point between EMF and Trust Board

\*\* At any point in the approval process, the Trust's Audit Committee can request the project for scrutiny

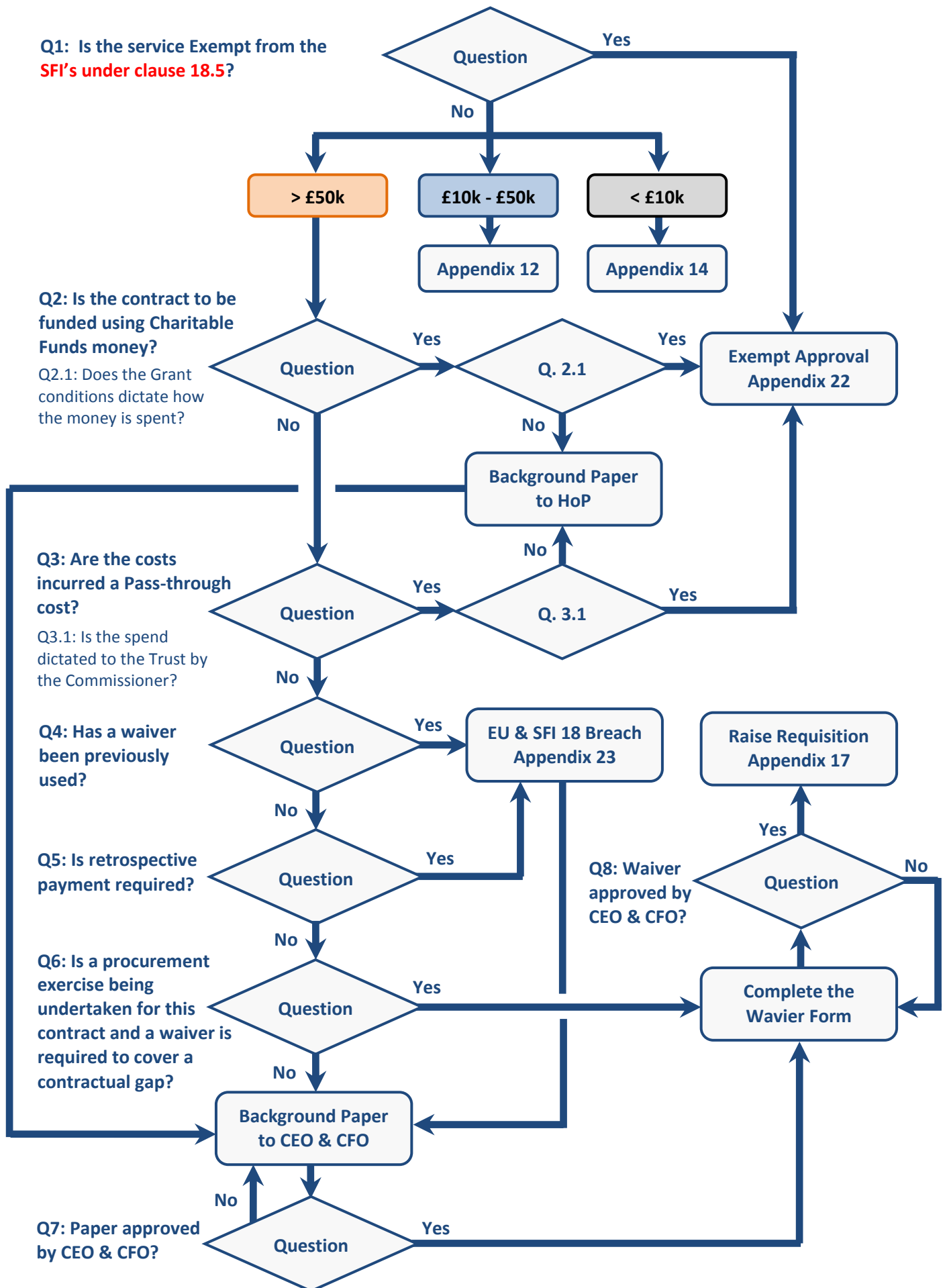
## APPENDIX 19: Creation of a Dynamic Purchasing System (DPS) PRC Regulation 34



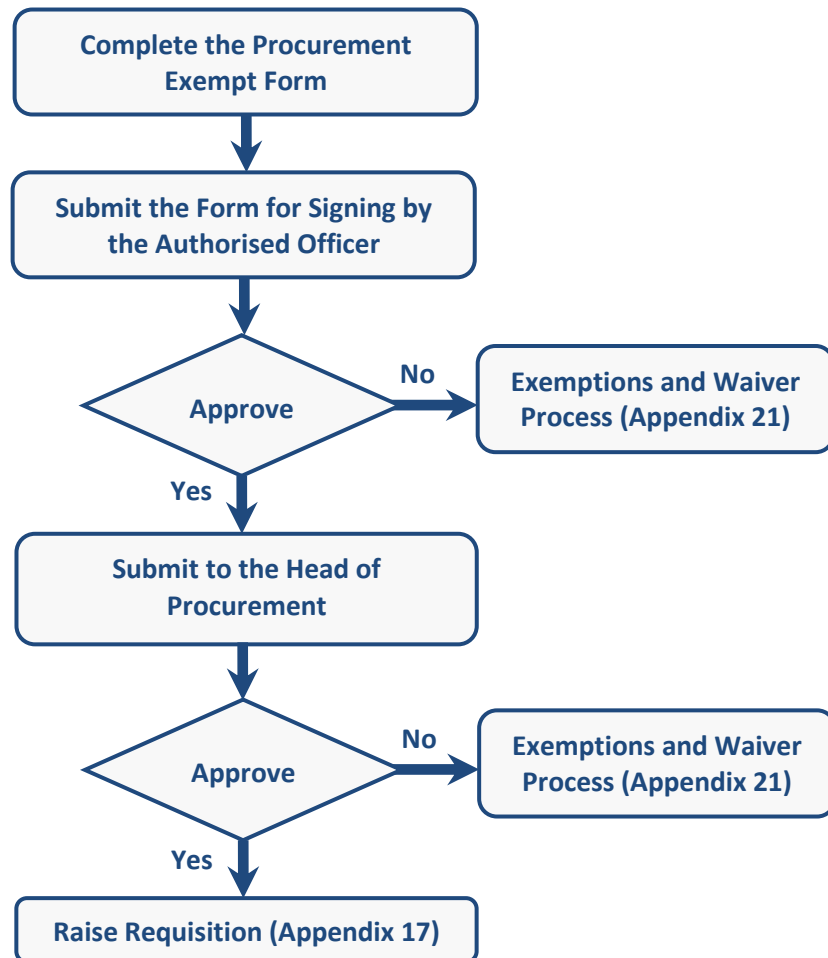
## APPENDIX 20: EU Tender – Choice of Procedure



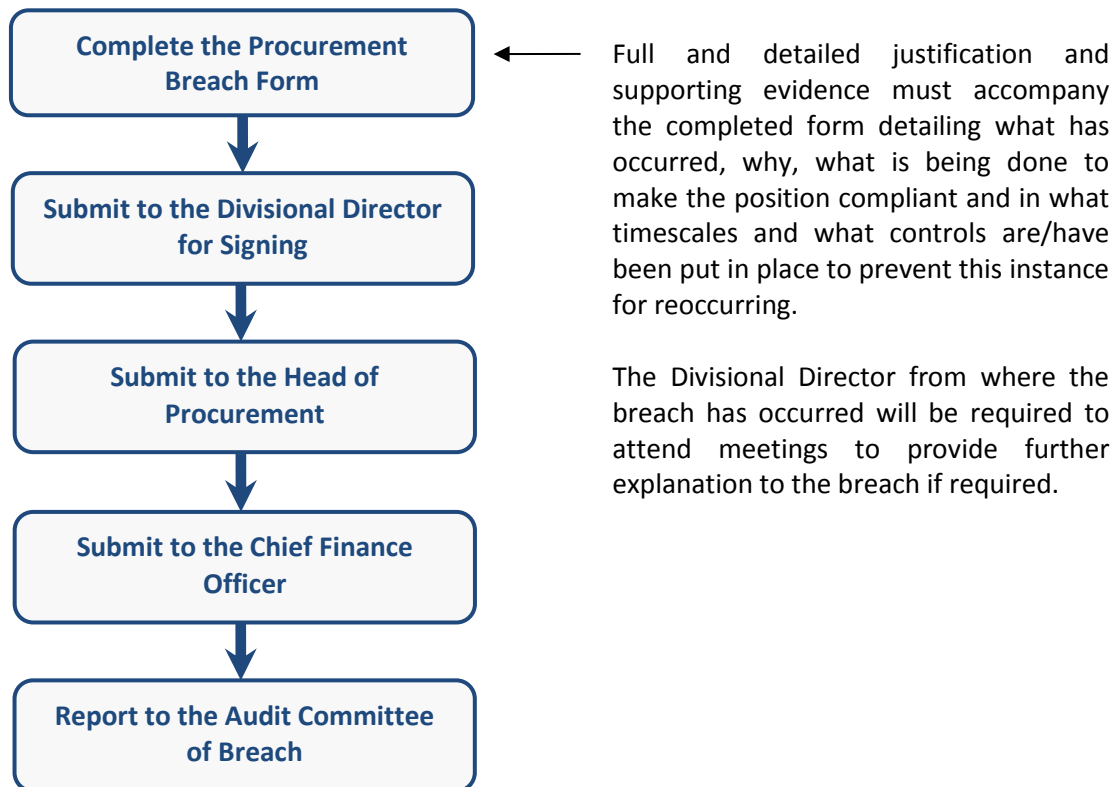
## APPENDIX 21: Exemptions and CE Waiver Process



## APPENDIX 22: Procurement Exempt Approval Process



## APPENDIX 23: Statutory Legislation or Local SFI Breach



# Contract Management

**To get the best out of a contract, it needs to be managed.**

The following 12 elements help ensure you have the right resources, skills and knowledge to do just that.



### 1. Planning and Governance

Schedule regular meetings and control processes to support the contract.

### 2. People

Resource the task appropriately and determine roles, functions, who and how they will interact with each other from both buyer and supplier sides.

### 3. Administration

Agree the content, frequency, format etc of information and who will be the administrator for both the buyer and the supplier and keep an audit trail.

### 4. Relationships

Understand the type of relationship you have, i.e. are they a critical supplier, are we their biggest customer etc and build a good reputation.

### 5. Performance

Monitor the performance of the supplier using KPI's and T&Cs to ensure acceptable levels of performance.

### 6. Payment

Verify and validate payment against the contracted values, then benchmark.

### 7. Risk

Understand the risks within the contract and proactively mitigate them through meetings, systems and controls.

### 8. Contract Development

Refine the contract as it progresses to increase its value and performance.

### 9. Supplier Development

Work with the supplier to develop their performance and business.

### 10. Supplier Relationship Management

Craft a solid and professional relationship with the supplier to further enhance the contract delivery.

### 11. Market Management

Engage with the market to understand the forces in play including, new suppliers, innovation, alternative solutions etc.

### 12. Be Proactive

Plan ahead to manage risks and impacts before they grow.

# Contract Management

		Contract Risk			
		Low	Medium	Medium / High	High
Contract Value	Low	Level 1	Level 2	Level 2	Level 3
	Medium	Level 2	Level 2	Level 3	Level 3
	Medium / High	Level 2	Level 3	Level 4	Level 4

Contract Management should be proportionate.

The matrix to the left provides a rough guide to the level of Contract Management appropriate to a contract based upon the contract’s value and risk.

Degree of focus on the 12 Contract Management elements

The below matrix shows the required focus and attention each of the Contract Management elements should be given based upon the determined Contract Management level.

Contract Management Level		Planning & Governance	People	Administration	Relationships	Performance	Payment	Risk	Contract Development	Supplier Development	Supplier Relationship Management	Market Management	Be Proactive
Level One													
Level Two													
Level Three													
Level Four													

Minimal focus Moderate focus Considerable focus Substantial focus

Core Principles

Understand the Contract

Ensure you are clear and familiar with the contract prior to engaging the supplier.

Understand the Relationship

Know the position you are in as well as the one the supplier and determine an approach.

Aim for Continual Improvement

Seek to make improvements to the benefit of both parties.

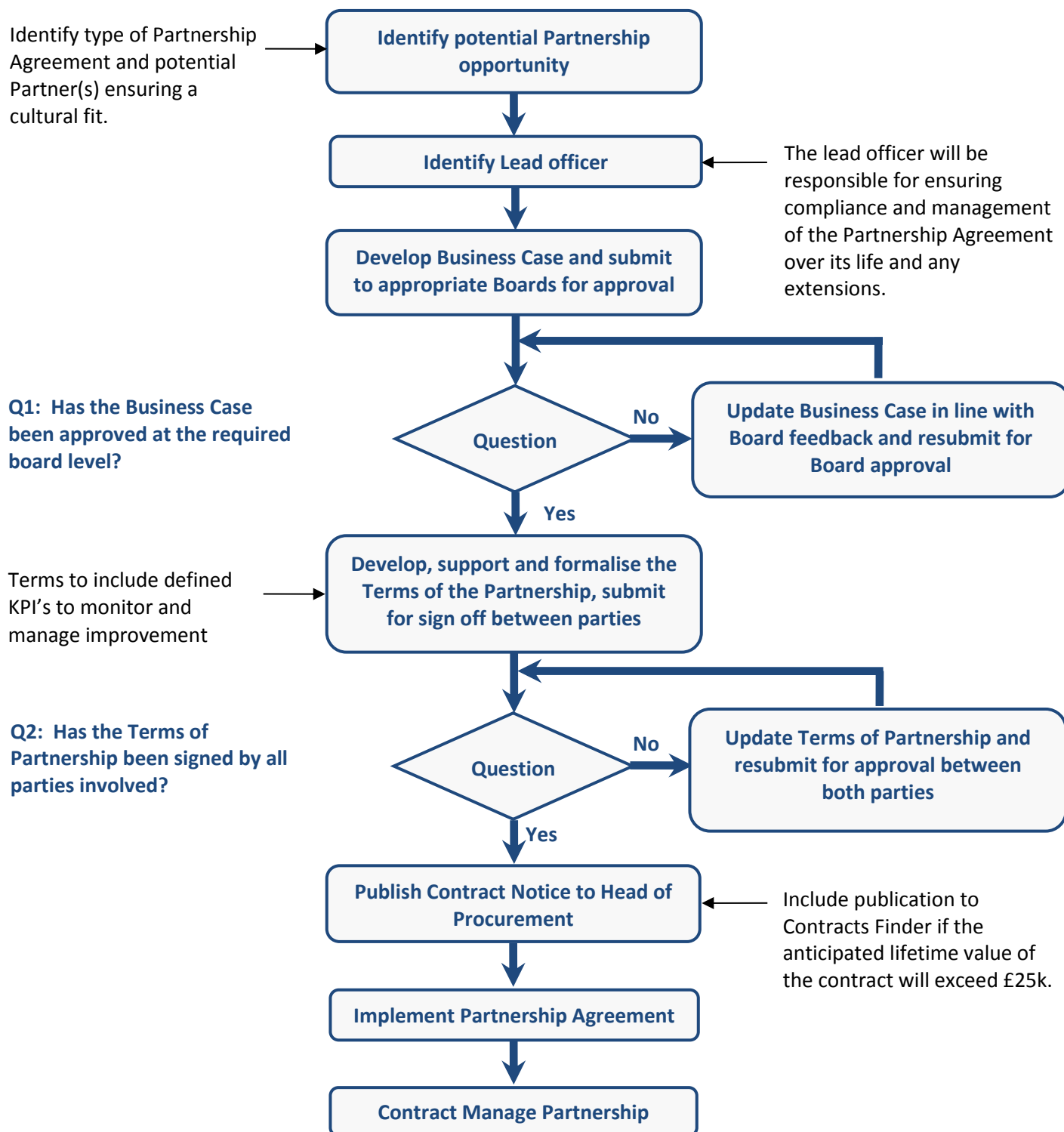
Share Knowledge

Ensure the Trust is informed of key information relating to the contract or the supplier.

Make use of Procurement

Liaise with Procurement to maximize the contract value and assist with disputes.

## APPENDIX 26: Partnering with Organisations



## APPENDIX 27: Procurement Project Request Form

*To be completed by the requestor*

<b>Division</b>	
<b>Service Area or Department</b>	
<b>Title of Project</b>	
<b>Project Description</b>	
<b>Suppliers</b>	<i>Details of incumbent supplier and other suppliers who are known in the market</i>
<b>Desired Project Outputs</b>	<i>What are the key deliverables of the project? E.g. improved quality, greater efficiencies, savings, compliance</i>
<b>Service Area Lead</b>	<i>Project owner and main point of contact</i>
<b>Sourcing and Evaluation Team</b>	<i>List of the main people and their associated roles who will be involved in the project and the evaluation of supplier responses. List should include key representatives from other divisions who are required for the proposed award to be agreed and signed off. E.g. Finance, Exec</i>
<b>Project Coordinator / Administrator</b>	<i>If you have admin availability, please provide their details here so that they can ensure availability of the project team (above), coordinating diaries and meeting rooms</i>
<b>Contract Manager</b>	<i>The service area lead who will be responsible for the ongoing performance management of the contract once awarded</i>
<b>Project Start Date</b>	
<b>Project End Date</b>	
<b>Contract Start Date</b>	
<b>Initial Contract Duration</b>	
<b>Contract Extension</b>	<i>Optional (must be less than the initial contract duration)</i>
<b>Contract Value per Annum</b>	<i>Total annual current cost or future annual forecast cost</i>
<b>Total Contract Value</b>	<i>Contract value per annum x (Initial contract duration + contract extension)</i>
<b>Is this a recurring contract?</b>	<i>Or is this a one-off purchase?</i>
<b>Finance Approval</b>	<i>Who is the finance lead that has authorised the project and budget?</i>
<b>Finance Budget Details</b>	<i>Relevant cost centres / Revenue or capital / Existing funding / New funding / Recurring / Etc.</i>
<b>Is TUPE Applicable?</b>	<i>If yes, please provide details</i>
<b>Additional Comments</b>	



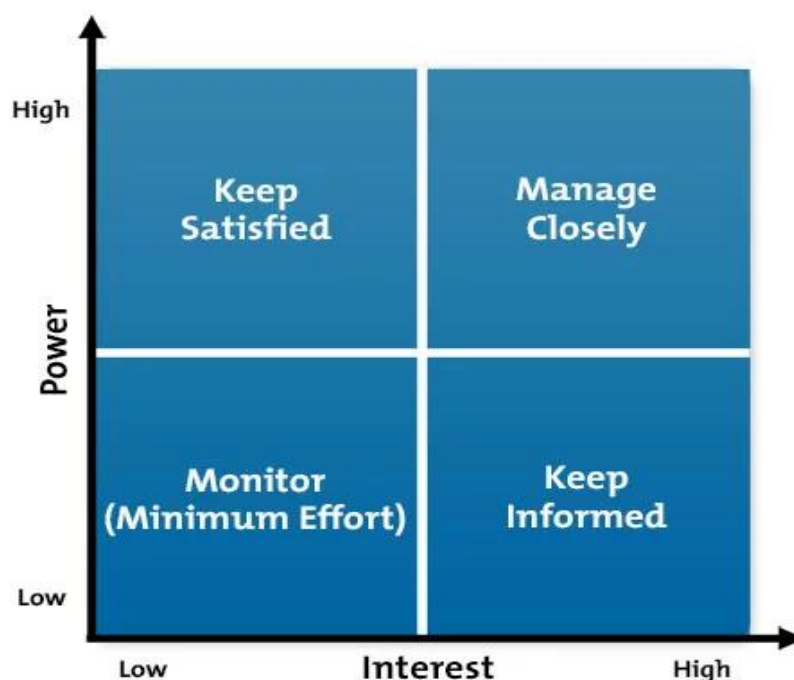
**To be completed by the procurement team**

<b>Tender Process</b>	<i>OJEU / Framework / Below OJEU / Direct Award / Etc</i>
<b>Agreed Contract Award Date</b>	
<b>Agreed Procurement Start Date</b>	
<b>Does this contract need Executive / Board Sign Off?</b>	<i>By which Board? And what is the anticipated date?</i>
<b>Is this a Collaborative Exercise?</b>	<i>If yes, state other organisations to be involved</i>
<b>Financial Envelope</b>	<i>Agreed tender value to be advertised</i>
<b>Weighting</b>	<i>Agreed split between quality and price</i>
<b>Social Value Act</b>	<i>How can the aims of the Social Value Act be incorporated into the proposed tendering activity, to benefit the local economy?</i>
<b>Environmental and Sustainability Considerations</b>	<i>What environmental and sustainability considerations have we factored into the tender? How have we aligned this tender with the Trust's Corporate Social Responsibility and Sustainability Plan?</i>
<b>Exposure to Foreign Currency Variations</b>	<i>What is the product / service exposure to foreign currencies? If susceptible, ensure that the quarterly exchange rate mechanism is embedded in the contract</i>
<b>Additional Comments</b>	

<b>Agreed Project Team</b>	
<b>Procurement Lead</b>	<i>Mandatory</i>
<b>Procurement Deputy / Support</b>	<i>Optional</i>
<b>Finance Lead</b>	<i>Mandatory</i>
<b>Clinical Lead</b>	<i>Mandatory</i>
<b>HR Lead</b>	<i>Optional</i>
<b>IT Lead</b>	<i>Optional</i>
<b>IG Lead</b>	<i>Optional</i>
<b>Health and Safety Lead</b>	<i>Optional</i>
<b>Estates Lead</b>	<i>Optional</i>

## APPENDIX 26: Stakeholder Mapping Template

Please use the grid below to identify which quadrant your stakeholders fit into and formulate a communications plan based on this.



Stakeholder	Power / Interest Level	Key Interests	Method(s) of Communication	Frequency	Additional Comments

## **The Procurement Manual**

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