

Procurement

Policy

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1.0 FLOW DIAGRAM / ALGORITHM OR KEY STEPS

For further information and guidance please refer to the Procurement Manual which can be found on the Procurement page of the intranet.

2.0 INTRODUCTION

2.1 This policy document sets out the framework of responsibilities, processes and controls involved in carrying out the ordering, requisitioning and tendering of goods and services on behalf of the Trust.

2.2 It should be noted that this policy is complementary to the Trust Constitution and should be read in conjunction with the instructions contained in the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation.

2.3 The aims of the Trust within this policy are:

- To ensure that all goods, works and services spend is procured at best value for money from the right suppliers, in the right quantities, at the right time, to the right place.
- To ensure that the Trust is legally compliant and aligned to the Trust's Standing Financial Instructions.
- To ensure that procedural instructions are in place for the obtaining of goods, works and services incorporating the thresholds contained in the Trust's Standing Financial Instructions.
- To ensure that prompt payment is made of invoices after the receipt of goods/services arising from official orders in accordance with the Government's Best Payment Practice Code.

2.4 Audience

The policy is directed to all parties who may be involved in procuring goods or services, arranging contracts or reviewing contracts or external parties who may wish to establish the Trust's procurement procedures and policy.

2.5 This includes:

- All colleagues who work for, or on behalf of the Trust;
- Associated organisations who are involved in the procurement process;
- Associated organisations who work with the Trust to provide services, e.g. patient transportation services;
- Associated organisations who may be required to work together to resolve incidents, e.g. public bodies, other NHS bodies, etc.
- Contractors who supply services or goods to the Trust.

Principles of Procurement

2.6 Value for Money

As a Public Body, the Trust is required to seek and demonstrate Value for Money (VFM) for all spend. VFM is defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought”.

2.7 VFM is best determined through the competition of a robust specification for goods, services or works in an appropriate market place unless there are compelling reasons to the contrary.

2.8 Public Procurement Principles

Procurement in public bodies is governed by principles that set out to ensure a ‘level playing field’ for buyers and suppliers in which to conduct business.

The principles of transparency, proportionality, equality, non-discriminatory and mutual recognition legally apply to procurement activity above the thresholds set in Procurement Act 2023, Provider Selection Regime, and Public Contract Regulations 2015, however, the Trust will endeavour to apply the principles proportionately to all procurement activity regardless of spend.

3.0 DEFINITIONS

3.1 Trust Constitution, Standing Financial Instructions (SFIs), Standing Orders (SOs) and Scheme of Delegation

The regulatory framework set up for the operation of the Trust, which all colleagues and members must comply with.

3.2 Contracts

Expenditure commitments formalised in a legal contract which both parties become obliged to.

3.3 Frameworks

An agreement with a provider or range of providers that enables buyers to place orders for products or services without running lengthy full tendering exercises.

3.4 Purchase Requisition

An electronic document stating a need for procurement to supply a product or service.

3.5 Purchase Order

A legally binding document that sets out the details of the transaction that the supplier and buyer have agreed.

3.6 Receipting

The process of recording the delivery of goods or services.

3.7 Authorisation / Signatories

The process whereby invoices are approved for payment. A signatory list is held of all colleagues who are approved to authorise invoices.

3.8 Petty Cash

A system where a small float of funds can be maintained at local units and used to pay for small, non-medical items.

3.9 Purchasing Card

A credit card owned by the Trust allowing purchases in advance, online or by phone under prescribed rules set by the Trust.

3.10 Budgets / Budgetary Control

A process whereby units are set anticipated spend targets and are monitored through the year against these targets.

3.11 Better Payment Practice Code (BPPC)

A code which requires invoices to be paid within 30 days. It entitles organisations that receive late payments to charge interest on late bills. For this Code, the 30 days target is the later of:

- the invoice date;
- the date the invoice is received;
- the date goods or services are received;
- the date a dispute is resolved.

3.12 Atamis

The Contracts database and e-tendering system used by the Trust.

3.13 Integra

The Finance and Procurement system used by the Trust.

3.14 Spend Comparison Service (NHS Digital)

Benchmarking tool used by the Trust. The Spend Comparison Service provides price benchmarking on purchase order data from across all of NHS England's providers including acute hospital, ambulance and community and mental health trusts.

3.15 Peninsula Procurement Supply Agency (PPSA)

The regional procurement supply hub. PPSA seeks to tender on behalf of all its members to maximise economies of scale and improve contract compliance.

3.16 Purchase to Pay

The process of requisitioning, purchasing, receiving, paying for and accounting for goods and services.

3.17 Supply Chain Co-ordination Ltd (SCCL)

The management function for the NHS Supply Chain operating model.

3.18 Waivers (Single Quote Acceptance / Single Tender Acceptance)

Used in exceptional circumstances to authorise spend which has not been subject to a formal procurement process.

4.0 ROLES and RESPONSIBILITIES

4.1 The following specific duties and responsibilities apply within the Trust:

Chief Executive

The Chief Executive has overall responsibility for ensuring there are appropriate governance arrangements in place for the Trust's procurement processes.

Chief Finance Officer

The Chief Finance Officer has responsibility for ensuring good procurement practice throughout the Trust. The Head of Procurement reports to the Chief Finance Officer.

Head of Procurement

The Head of Procurement is responsible for reviewing and updating the Procurement policy and ensuring procedures and manuals are produced, updated, disseminated and applied.

Finance Committee

The Finance Committee is responsible for the approval of and monitoring of this policy.

Audit Committee

The Audit Committee are accountable for gaining assurance that sufficient control and management mechanisms are in place in relation to Procurement.

Director of Estates and Facilities

The Director of Estates and Facilities is responsible for ensuring the procurement of hard and soft facilities requirements (including maintenance contracts) is undertaken in accordance with the principles set out within this policy, with the support of the Procurement team.

Chief Information Officer

The Chief Information Officer is responsible for ensuring that IT procurement is undertaken in accordance with the principles set out within this policy, with the support of the Procurement team.

Chief Pharmacist

The Chief Pharmacist is responsible for ensuring that procurement within pharmacy is undertaken in accordance with the principles set out within this policy, with the support of the Procurement team.

Counter Fraud Manager

The Counter Fraud Manager, is responsible for the investigation of fraud, bribery or corruption concerns in relation to procurement.

Senior Leaders

All Trust directors, deputy directors, associate directors and service group managers are responsible for ensuring that the Procurement Policy is followed in their area. If unsure advice will be sought from the Procurement team.

All Colleagues

Colleagues are responsible for co-operating with the implementation of this policy as part of their normal duties and responsibilities. If unsure advice will be sought from the Procurement team.

5.0 PROCESS DESCRIPTION

5.1 Procurement Manual

The purpose of this document is to give clear procedures for all Trust employees in relation to Procurement activity and the processes that must be followed. A copy of the Procurement Manual can be found on the Procurement intranet page.

5.2 Collaborative Working

The Trust works collaboratively with other organisations, such as the PPSA, national and regional bodies to identify opportunities for joint procurement activities as appropriate. This ensures economies of scale and VFM are achieved and procurement resources are used as effectively as possible.

5.3 Effective Competition

The Trust ensures the effective competition of spend with suppliers to demonstrate VFM. The level and scale of competition will be proportionate to the level of spend, complexity and risk associated with the procurement activity.

5.4 Exemptions to Competition

The Trust endeavours to undertake competitive processes wherever possible; however there are a few exemptions that can be granted. The Trust Standing Orders detail the grounds for exemptions. In addition, the Procurement Act 2023, Provider Selection Regime and Public Contract Regulations 2015 also provides grounds for exemption from competition in specific circumstances.

Authorisation from the Chief Finance Officer via the appropriate waiver form will be required prior to any contract being agreed and entered. Wherever exemption from competition is being sought, advice must be taken from Procurement.

5.5 eProcurement

The Procurement team is responsible for building the Trust's local eProcurement architecture in line with the Department of Health and Social Care (DHSC) NHS eProcurement Strategy April 2014. The local eProcurement architecture is vital in linking to the national infrastructure and global standards as required by DHSC.

The architecture currently consists of:

- A Purchase 2 Pay (P2P) finance and procurement system (Integra Centros).
- A catalogue management system (GHX Nexus).
- An inventory management system (Atticus).
- An e-Sourcing solution (Atamis).
- Benchmarking tool (Spend Comparison Service from NHS Digital).

5.6 Purchase Orders

An official purchase order is created from an approved requisition on Integra Centros. An official purchase order is required for all goods and services being purchased (unless exempted) and must be issued to the supplier before any goods or services are provided. This is to ensure due process has been observed and will facilitate invoice payment in accordance with agreed terms of business.

5.7 Separation of Duties

Procurement activity undertaken will 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.

5.8 Conflicts of interest

All colleagues within the Trust, suppliers, and those seeking to do business with the Trust through a formal tender process are required to comply with the Trust's Code of Conduct and Managing Conflicts of Interest Policy. Further, for above threshold competitive tenders the Procurement Act 2023 requires a conflict of interest assessment to be completed.

Trust decision making staff (staff banded at >8C (or equivalent) and staff of all bands within Procurement, Estates and IT) are required to declare any conflicts of interest via the Staff Declarations of Interest Web Portal. Any changes to conflicts of interest should be declared at the point a conflict arises.

Declarations, including nil responses, will be sought from all suppliers responding to Trust led tenders. Suppliers will be required to complete a Conflict of Interest and non-canvassing declaration before any work is commenced and at the beginning of any formal procurement process. The Supplier's Code of Conduct makes suppliers aware of their ongoing obligation to report any changes in conflicts of interest to the Trust as and when they arise.

5.9 Supplier Representatives

Prior to inviting and meeting any supplier representatives on site, it is necessary for colleagues to liaise with the Procurement team.

5.10 Supplier Code of Conduct

Suppliers doing business with the Trust undertake to comply with the Trust's Supplier Code of Conduct.

5.11 Product Evaluations, Samples and Free on Loan

It may be necessary for the end user to undertake product evaluations as part of a procurement process. There is a process for obtaining equipment or samples on loan or on a free of charge basis which has been developed in order to protect the Trust by ensuring that inappropriate products are not introduced and that the Trust is indemnified against potential claims from patients, staff or visitors for injury and to cover damage to Trust property. Advice must be sought from Procurement prior to obtaining equipment or samples on loan or on a free of charge basis.

5.12 Contract Management

Contract Management is essential and will be carried out proportionate to the value and the risks of the contract. The Trust requires contracts to be monitored and managed by Procurement and Operational contract leads as appropriate. Contracts will be stored on Atamis, which is the Trust's contract database and e-sourcing platform. Guidance on the Trust's approach to contract management can be found in the Procurement Manual, a copy of which can be found on the Procurement intranet page.

5.13 Small and Medium sized Enterprises (SMEs)

As a public body the Trust is required to facilitate contracting with SMEs when appropriate. To enable SME's to bid for tenders the Trust will consider dividing requirements into Lots in accordance with the Procurement Act 2023, Provider Selection Regime and Public Contract Regulations 2015.

5.14 Sustainability

By 2045, it is the aim of the NHS to be carbon net zero with every pound it spends on products and services will be socially and environmentally responsible. Procurement will work with the Trust and National Sustainability leads to contribute to the delivery of the objectives set.

5.15 Social Value Act

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 will endeavour to ensure that Social Value considerations are built into all contract specifications and proportionate evaluation criteria included.

5.16 Modern Slavery Act

The Modern Slavery Act 2015 aims to address slavery in the UK and in overseas supply chains, taking the form of bonded or forced labour, child labour, human trafficking or similar types of exploitation of vulnerable people. All organisations, whether involved in private or public procurement need to comply with the Modern Slavery Act.

5.17 The Bribery Act

The Trust is committed to ensuring that all Procurement activity is conducted in an open and transparent way and will expect a comparable commitment from anyone doing business with us. To limit our exposure we have developed policies including the Anti-fraud, Bribery and Corruption Policy and Code of Conduct and Managing Conflict Policy. These policies apply to all colleagues, and existing/potential providers, contractors or any individual/business acting on our behalf.

5.18 Petty Cash

The Trust has a number of Petty cash floats across Somerset that are maintained by the individual units together with a small float of funds managed by the general office in Musgrove Park Hospital and general office/front desk at Yeovil District Hospital. These are used for reimbursement of small items of expenditure; duly authorised by the appropriate officer with delegated authority.

A copy of the Petty Cash procedure can be obtained from finance intranet page.

5.19 Purchasing cards

A small number of purchasing cards are issued across the Trust for spend which cannot be made via a Purchase Order. New cards are approved by the Chief Finance Officer. All purchases made must be in accordance with the Purchasing Cardholder agreement, which must be signed by all card holders and can be provided by Procurement upon request.

5.20 Better Payment Practice Code

The Trust is obliged to comply with the public sector's Better Payment Practice Code (BPPC), which targets the payment of all undisputed invoices by the later of the due date or 30 days following the receipt of goods or valid invoice. Compliance will be reported in the Trust's annual report and accounts.

6.0 TRAINING/COMPETENCE REQUIREMENTS

- 6.1** All Trust colleagues involved in the procurement process will need to be aware of and follow this Policy, Appendices and other Trust policies where relevant. Initial induction training will highlight requirements for colleagues involved in Procurement and will require coverage of the Trust Standing Financial Instructions, Trust Standing Orders and Scheme of Delegation.
- 6.2** Procurement colleagues are trained in the use of procurement processes to ensure compliance with relevant procurement legislation and regulations. Procurement colleagues knowledge is kept up to date through continuing professional development.
- 6.3** All Managers across the Trust will receive an introduction to Procurement as part of the Trust Management Induction.
- 6.4** All colleagues who use Procurement systems such as Atamis and Integra Centros will be provided with training by the Procurement team.
- 6.5** All colleagues who are involved in the assessment/evaluation of tender bids will be given training and guidance on their roles and responsibilities by the Procurement team.
- 6.6** Additional training assistance, should this be required, is available by contacting the Procurement Team.

7.0 MONITORING

- 7.1** Failure to comply with the Procurement Policy and agreed procedures may result in disciplinary action.

Element of policy for monitoring		Monitoring method - Information source (e.g. audit)/ Measure / performance standard	Item Lead	Monitoring frequency / reporting frequency and route	Arrangements for responding to shortcomings and tracking delivery of planned actions
Procurement processes and controls	4	The Trust's internal and external audit will review financial procedures (including procurement) and	Internal and External Audit	Quarterly, Audit Committee	Internal and External Audit report recommendations will be logged on tracker reports and assigned to a key officer. Actions and progress will be

		controls in line with their audit plans			monitored by the Audit Committee
Conflicts of Interest	4	The Counter Fraud Manager will undertake investigations and proactive reviews as agreed in year	Counter Fraud Manager	Quarterly, Audit Committee	Counter Fraud report recommendations will be logged on tracker reports and assigned to a key officer. Actions and progress will be monitored by the Audit Committee
Better Payment Practice Code, Budget Management and CIP	4	The Board and Finance Committee will receive monthly financial performance reports detailing the position of the Trust, which will be reviewed for compliance with the Better Payment Practice Code, the ability of departments to manage budgets and the achievement of the cost improvement programme (CIP).	Deputy Chief Finance Officer	Monthly, emailed to Finance Committee	The Board and Finance Committee, as well as additional meetings where deemed necessary, will review performance against budgets and consider actions required to correct positions and appropriate monitoring of
Procurement performance and achieving Best Value for Money	4	The Head of Procurement will submit monthly Key Performance Indicators to the Finance Committee. This will enable Procurement performance to be monitored and questioned against a range of performance criteria such as purchase order coverage, volume and value of single action waivers, and stock management.	Head of Procurement	Monthly	Opportunities to improve will be identified by Head of Procurement and plans made and monitored as appropriate within the Procurement department and reported to the CFO.

8.0 REFERENCES

- The Procurement Act 2023
- The Provider Selection Regime
- The Public Contracts Regulations 2015
- Somerset NHS Foundation Trust Standing Financial Instructions and Constitution (including Standing Orders)2023
- Procurement Manual (see Procurement page of Trust intranet site)
- Anti-Fraud, Bribery and Corruption Policy
- Code of Conduct and Managing Conflicts of Interest Policy (see Trust intranet site)
- Better Payment Practice Code
- GS1 and PEPOL Adoption, Department of Health – August 2015
- NHS eProcurement strategy (April 2014)
- Pre-Contract Procurement Fraud and Corruption – Guidance for the Prevention and Detection (NHS Counter Fraud Authority)

- Somerset NHS Foundation Trust Petty Cash Purchases – Procedure Guide
- Somerset NHS Foundation Trust Purchasing Cardholder Agreement
- Supplier Code of Practice