Procurement Policy

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<th>Document Type</th>
<th>Policy</th>
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<tr>
<td>Document owner</td>
<td>Head of Procurement</td>
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<td>Amendments</td>
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<tr>
<td>Related Policies &amp; Procedures</td>
<td>Financial Regulations, Gift &amp; Hospitality Declaration, Anti-Bribery, Modern Slavery, Asset Disposal, Credit Cards</td>
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1. **SCOPE**

1.1. This Procurement Policy (“Policy”) applies to all London School of Hygiene and Tropical Medicine (“LSHTM”) staff and contractors who are involved at any stage of a procurement process.

1.2. ‘Procurement’ includes all activities related to the purchasing of supplies, services or works from a third party, including leasing and hiring, and the ongoing provision of the contracts.

1.3. Adherence to the Procurement Policy is both an individual and an organisational responsibility under LSHTM’s Financial Regulations. Wilful breach of this policy may constitute a disciplinary offence.

2. **PURPOSE AND OVERVIEW**

2.1. The policy sets out the aims of LSHTM procurement and how they will be delivered.

2.2. This Policy is a public document - it may be quoted in Annual Reports, Operating & Financial Reviews, stakeholder information. It is available and confirms to any interested party the principles on which LSHTM procures and contracts.

2.3. The Policy is supported by guidance which is published on the LSHTM internal portal, and supported by advice from the Procurement team.

3. **POLICY**

**Policy Objectives**

3.1. This policy aims to ensure that procurement activities are:

- value for money
- compliant with relevant legal, regulatory and policy requirements
- transparent, accountable and auditable
- ethically, environmentally and socially responsible
- contributing to the efficient and effective performance of the LSHTM
- able to identify, minimise and manage procurement related risks
- aligned with research funder guidance and conditions where appropriate
- open to continuous improvement and development.
3.2. In addition, it is LSHTM's objective that, as far as is within its power, it will only contract with suppliers, providers and associates who subscribe to and operate on similar principles. Contractors will be required to meet LSHTM's standards for, anti-bribery and corruption, data security and anti-slavery and human trafficking.

3.3. All procurements must have clear, auditable documentation to support all of the key decisions throughout the process, as appropriate for the value or type process. Records of formal tendering processes will be maintained by the Procurement Team.

The Role of the Procurement Team

3.4. Procurement Team is part of the Finance function, it is responsible for specialist advice and support to the LSHTM, providing:

- a point of contact and expertise about procurement issues;
- guidance to meet the objectives of this Policy;
- operational input and management for all significant procurements,
- contract management support e.g. documentation, spend and performance data
- maintenance of procurement policy and strategy.

3.5. The Procurement Team adopts a strategic approach to the needs and policies of LSHTM and will, wherever possible, take a long-term and cross-functional view of the opportunities and risks of procurement activities.

3.6. Early engagement with the Procurement team is essential to ensure appropriate resources and procurement strategy can be provided, in practice this means

- Prior to the start of any project.
- Before engaging with potential suppliers
- Before submitting the Business Case for approval
- before developing a specification or statement of requirements
- in annual planning and budgeting;
- in the event of any potential and actual disputes with suppliers

Procurement regulations and expected standards

3.7. LSHTM is a Contracting Authority under the Public Contract Regulations 2015 (PCR2015) must therefore comply with relevant legal and regulatory requirements, as well as, guidance from the Office for Students.

3.8. Breaching PCR2015 could have serious consequences, including, legal action financial penalties, or being required to restart a procurement exercise. In addition, there is a risk to LSHTM’s reputation.

3.9. Abiding by this policy should avoid any regulatory issues, but the Procurement Team can provide further advice and support.

3.10. Procurement activity should be underpinned by an understanding of the whole life costs, benefits and risks of the process, documented in the procurement strategy when required. The procurement process must be proportionate to ensure value for money, considering; the supplier market, risks, technical complexity and value.

3.11. All contracts over £10,000 must be approved by the Procurement Team and will be based on the LSHTM standard terms and conditions. In exceptional circumstances
the Procurement Team may, in consultation with Legal Services, agree alternative terms for specific contracts.

3.12. Only LSHTM staff with appropriate budgetary delegated authorities can commit expenditure, authorise invoice payment or agree and sign contracts. Please refer to the Financial Regulations.

**Procurement Routes**

3.13. Before a procurement process is undertaken consideration should be given to whether a particular requirement might be met internally.

3.14. The preferred route for any procurement is to use existing contracts or available framework agreement, where appropriate. The use of pre-existing agreements optimises value for money by enabling simpler and quicker contracting processes as well as reducing transaction costs.

3.15. Framework agreements must be used in accordance with the specified call off procedures and are accessible through the Procurement Team. Details of current framework agreements can be found on the intranet.

3.16. All IT related purchases, including hardware, software and services, must be made through the IT Team. Requests should be made using the Servicedesk. The IT team will work with the Procurement team to ensure compliance with this policy.

**Requirements for competition**

3.17. Different levels of competition are required based on the value of the contract, that will include any ongoing or associated costs including maintenance and disposal. Contracts must not be artificially split to avoid competition.

3.18. Procurements must be delivered in line with the Financial Regulations as set out below:

**Fig 1.1**

<table>
<thead>
<tr>
<th>Purchase Value Range (ex. VAT)</th>
<th>Process to achieve demonstrable value for money</th>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £10,000</td>
<td>No specified process</td>
<td>Purchase order</td>
</tr>
<tr>
<td>Over £10,000 and below £50,000</td>
<td>Comparative Pricing (as a minimum 3 quotes)</td>
<td>Written evidence of quotes to be submitted with requisition</td>
</tr>
<tr>
<td>Over £50,000 and below OJEU Threshold</td>
<td>Competitive tender facilitated by Procurement</td>
<td>Agreed procurement strategy and tender documentation</td>
</tr>
<tr>
<td>Above the OJEU threshold</td>
<td>OJEU compliant tender facilitated by Procurement</td>
<td>Agreed procurement strategy and supporting process documentation</td>
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**Applicable OJEU thresholds:**
- Supplies & Services - £189,330
- Works - £4,733,252

1 Procurement cannot give specific legal advice. If legal advice is required please contact Legal Services.
**Direct award of contract**

3.19. Competition between prospective suppliers is the best way to secure demonstrable value for money and are a requirement of PCR2015.

3.20. In exceptional circumstances requirements may be sourced without competition following discussions with the Procurement Team and subject to written approval from the Head of Procurement. Requests must be sent through the ServiceDesk and can be made for the following reasons:

- Single Source - there is only one supply option
- Urgency - the timescale genuinely precludes competitive tendering
- Continuity - there is a demonstrable value for money benefit to be gained from using an existing contractor

3.21. Direct award requests above the PCR2015 Thresholds will also need to meet the regulatory standards required.

3.22. Any extension to a direct award contract is effectively a new request and should be accompanied by a new ServiceDesk request. Single Source requests will not be granted retrospectively.

**Committing expenditure**

3.23. Requisitions must be completed for the supply of all supplies and services. These are raised on the Agresso Self-Service facility and when approved, the purchase order is sent by the Procurement Department.

3.24. Where applicable credit card payments are acceptable in line with the card holders assigned credit card limit. Please refer to the Expenses Policy where appropriate.

**Contract variations, extension or expansion**

3.25. If the value, duration or scope of a contract appears likely to change, Procurement must be consulted before any commitment is made to the contractor, and will provide appropriate advice.

**Sustainable Procurement**

3.26. All procurement activities should align with and support with the LSHTM Environmental Management System (certificated to ISO14001:2015). Sustainability considerations will be incorporated throughout procurement activities from defining the need to contract management. This approach aims to:

- Minimising our environmental impact whilst delivering socio-economic benefits through better selection and improved usage of the products and services we need to operate. We do this by focusing on resource efficiency through whole life cycle consideration of materials and cost-effectiveness to minimise waste, increasing re-use and usage of recycled materials and supplies;
- Encouraging our suppliers to adopt more sustainable practices for a circular economy, minimising their environmental impact whilst delivering community
benefits in relation to their own operations and throughout the supply chains in which they operate

- Working in partnership with suppliers to achieve our common goals and continually improve performance over time, meeting Level 5 of government’s Flexible Framework.
- Working effectively with small medium enterprises (SMEs) and organisations from the voluntary and charitable sector (VCS), ensuring that these organisations are encouraged to bid for business.
- Raising concerns about any issue or suspicion of modern slavery in any parts of our business or supply chains at any level of supply at the earliest possible stage.

**Procurement Ethics**

3.27. Anyone who has a personal or financial interest in a contract, must submit a Declaration of Interest form through the ServiceDesk for approval by the Head of Procurement and the Finance Director. The Declaration must be submitted and approved prior to raising a requisition or the start of a tendering process. In the case of a research contract, the Head of Research Operations must also be informed. The Procurement Team will keep a conflict of interest register for all formal tendering activities, individuals may be excluded from tendering processes by the Head of Procurement.

3.28. Those involved in procurement activities must comply with the LSHTM Anti Bribery and Corruption Code of Conduct.

3.29. Private purchases, including purchases for a third party through LSHTM channels, are not permitted.

**Confidentiality and data security**

3.30. LSHTM respects the confidentiality of technical and commercial information provided as part of any procurement activity. All information provided to and used by LSHTM is subject to appropriate data legislation and regulation including the Freedom of Information Act 2000 (FOIA) the Data Protection Act 2018. To protect against disclosure and unauthorised use of confidential information suppliers may be asked to sign a LSHTM non-disclosure agreement, where appropriate, and will be required to have suitable policies and process.

3.31. Under the Freedom of Information Act 2000 (FOIA) LSHTM is required to maintain sufficiently robust and effective information handling procedures. In practice this means that all LSHTM staff have a responsibility to maintain accurately named and numbered files, using up-to-date, clear and systematic cross-referencing. All requests relating to disclosure of information under the FOIA must be managed in accordance with the relevant handling procedures which can be found on the intranet. Contracts, purchase orders and all associated documents will be retained in accordance with the LSHTM’s Records Management Policy.

4. **Implementation**

4.1. It is the responsibility of all LSHTM staff to ensure that they adhere to this Policy. Managers are accountable for applying this Policy within their areas of responsibility.
4.2. Managers must be able to demonstrate compliance for all procurement activity they have delegated to their teams and for any procurement activity their suppliers are contracted for on their behalf.

5. **Review**

5.1. This Policy will be reviewed annually and updated as required. It will be supported by procurement procedures, processes and guidance available on the intranet along with support and advice from Procurement.

5.2. The Policy can only be revised or altered with the authority of the Head of Procurement. It may be permissible to modify or over-ride individual elements of a process or procedure, after appropriate authorisation from the Procurement team, but only if such changes do not conflict with the aims and objectives of the Policy.

6. **Definitions**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition &amp; Explanation</th>
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<tr>
<td>Value for Money (VfM)</td>
<td>The process under which the LSHTM's procurement, projects and processes are evaluated and assessed to provide confidence about suitability, effectiveness, quality, value and avoidance of error and other waste, judged for the public sector as a whole. VFM statistics are reported annually to OfS.</td>
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<td>Whole Life Costs</td>
<td>All costs associated with a purchase, which includes initial purchase price (such as legal and procurement costs, purchase of licences), running costs (such as salaries, accommodation, cleaning, quality assurance), maintenance, disposal, life-span of supplies, re-usability, recyclability and other sustainable considerations.</td>
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| Circular Economy            | A circular economy seeks to rebuild capital, (financial, manufactured, human, social and natural) by ensuring enhanced, continuous flows of supplies and services through the ‘value circle’. This moves away from the current take-make-waste extractive industrial model to a circular economy focusing on positive society-wide benefits. It entails gradually decoupling economic activity from the consumption of finite resources, and designing waste out of the system. It is based on three principles:  
  - Design out waste and pollution  
  - Keep products and materials in use  
  - Regenerate natural systems |
Life Cycle Assessment (LCA)

LCA assesses the environmental impacts of a product, process or activity throughout its entire life cycle; from the extraction of raw materials through to processing, transport, use and disposal. This helps to determine the full life costs and impacts of a procurement decision. LCA supports whole life costing.