



## **PROCUREMENT POLICY**

### **1.0 PURPOSE**

This policy has been produced to support the 2017 – 2027 University Strategy and to assist colleagues in the undertaking of procurement activity on behalf of the University. To this end, the policy will ensure that procurement procedures and practices:

- are appropriate and fully responsive to the University's diverse needs.
- assess effort vs benefit gained in order to ensure these are proportionate.
- help budget holders to source solutions that provide excellent value for money.
- are timely and effective.
- minimise commercial and contractual risk.
- are open and fair to the supplier community including, wherever possible, small local suppliers.
- promote high ethical standards.
- ensure financial due diligence and;
- give due consideration to environmental impact.
- is extended to our supply chain, including outsourced activities, contracts, and suppliers.
- The policy is intended to be a 'living document' and will be regularly updated to reflect changes in any policy and procedures.

### **2.0 VALUE FOR MONEY**

The aim is for all procurement activity to deliver value for money, however, to achieve value for money the amount of effort and resource in carrying out a sourcing exercise should be proportionate to the level of risk and potential savings/benefits. Value for money is determined by assessing:

- **Cost** – total cost over the duration of the purchase/contract;
- **Quality** – sufficiently meeting the customer’s requirements; and
- **Sustainability** – social and environmental benefits.

Value for money is not simply about the lowest purchase price but is a more complex evaluation of the most advantageous combination of cost, quality, social value and sustainability.

Additionally, evaluation of cost does not necessarily just involve a review of purchase price but can take into consideration total cost to the University of a particular solution, including our own costs as well as those of the supplier. The Procurement Service will work with customers to ensure that total cost of ownership is factored into sourcing exercises, when appropriate to do so.

Value for money is also gained through contract management processes whereby we work with our suppliers to try and understand where efficiencies can be gained throughout the life of the contract to ensure continuous improvement can be achieved.

### **3.0 EFFICIENCY & EFFECTIVE PRACTICE**

The Procurement Service will take a pragmatic, risk-based approach to procuring goods and services on behalf of the University and will work with its customers to ensure that the most efficient route is chosen for each activity undertaken.

In order to ensure that the University maximises efficiencies wherever possible, the Procurement Service will:

- undertake spend analysis annually with a view to identifying areas of spend which could be managed more effectively. This analysis is then discussed with key stakeholders to understand business needs and priorities;
- work with customers to develop outcome focussed specifications, ensuring that evaluation methodology is considered as well as inclusion of any key performance indicators that suppliers may be measured against;
- identify relevant areas to be included in all sourcing exercises, in consultation with customers;
- ensure that contracts are fit for purpose, easy to access and use, leverage the University's purchasing power and present both cashable and non-cashable savings, wherever possible;
- work with customers to assess market readiness and ensure that appropriate sourcing routes are identified for each procurement. Where it is considered that further work is required prior to engaging the market, this will be advised;
- where relevant, undertake pre-market engagement, prior to issuing sourcing exercises, to help inform requirements/develop specifications, alert suppliers to forthcoming opportunities and determine market appetite.
- embed continuous improvement into all its activities, ensuring that developments in technology and innovative practices are incorporated wherever possible through contract management;
- ensure that whole life costing (WLC) and total cost of ownership (TCO) is included in all sourcing exercises and evaluations where appropriate to do so.

Existing procurement arrangements are to be utilised, providing they meet the needs of the organisation. Further detail regarding how sourcing exercises will be undertaken and the thresholds that apply to procurements can be found in the University Sourcing Thresholds policy.

## **4.0 RISK MANAGEMENT**

A risk-based approach is applied to all activities undertaken by Procurement Service. This means that risks are assessed as part of each sourcing exercise or contract management decision taken, including technological, commercial and organisational risks (including the risk of doing nothing) and an approach developed which ensures that effort is proportionate to benefits gained.

Risk management also seeks to ensure that wherever possible any identified risks are removed or mitigated to an acceptable level whilst still meeting customers'

requirements. All contracts and key framework agreements are categorised in terms of risk, which informs the approach to sourcing and contract management. This risk categorisation is periodically reviewed or when there is a change in circumstances.

Sourcing exercises are conducted in an open and transparent manner ensuring suppliers have access to the same information, at the same time with the necessary safeguards in place. Along with an internal gateway review process, these measures minimise the grounds for a supplier to challenge the process/outcome.

The University is committed to ensuring that all relevant suppliers adopt an ethical sourcing approach in order to minimise the risk of supply chain issues being encountered.

## **5.0 COMPLIANCE & GOVERNANCE**

Procurement Service facilitates stewardship of University funds and has an obligation to operate transparently in a way which contributes to the achievement of financial sustainability. The University has in place Financial Regulations which detail how all employees can support the University in this. Depending on the nature of the procurement or the funding stream there may be certain pieces of legislation the University needs to comply with. In this event the Procurement Service will liaise with customers and colleagues in other departments to ensure that any sourcing activity is undertaken in compliance with any such legislation.

Purchases are ordinarily undertaken using the University's standard terms and conditions of contract. There may be exceptions to this and these will be considered on a case by case basis, involving relevant colleagues in order to reach agreement.

The University expects suppliers grant audit access to books and records regarding any contracts in place.

Where the University does not comply with relevant policies and procedures this may result in unnecessary or excessive expenditure. It may also leave the University open to commercial risk, litigation or subject to reputational damage

## **6.0 BUSINESS GIFTS & HOSPITALITY**

Impartiality is to be maintained at all times. Where an individual is involved in procurement activity and they have personal interests which may affect, or be seen to affect, their impartiality or judgement in respect of their duties, then the interests must be declared. Any declaration of interest received will be considered and where necessary, the person involved will be removed from the process.

Where corporate hospitality and/or gifts are offered by suppliers to University staff this should be declared via the following link:

<https://www.dur.ac.uk/university.secretary/password/gifts.register/>

A Details of Receipt form is to be completed by all staff who have been offered gifts or hospitality with an estimated value of £100 or more (please see above link). Gifts should be declined unless it can be justified as to why it should be accepted. However please note that it is at the discretion of the following whether the offered gift or hospitality can be accepted by the Staff Member:

- For gifts and hospitality offered by Suppliers - Director of Procurement
- For all other gifts and hospitality - Budget Holder

## **7.0 RESPONSIBLE PROCUREMENT**

The University acknowledges that its purchasing decisions have major socio-economic and environmental implications, both locally and globally and therefore expects that relevant ethical and sustainability standards are applied to business transactions.

The Procurement Service will guide customers through sourcing exercises to ensure that ethical, social and environmental considerations are built in where relevant and that procurement decisions are based on a balance between economic, social and environmental factors. To achieve this the Procurement Service will:

- Work with suppliers and customers to ensure that appropriate consideration is given to the local economy and our impact upon it, where appropriate buying local products and encouraging our national/global suppliers to buy or employ locally if possible
- Be compliant with all relevant legislation including the Public Services (Social Value) Act 2012
- Ensure that where possible, sustainability criteria are included in the award contracts
- Consider Whole-Life Cost (WLC) and Total Cost of Ownership (TCO) when making procurement decisions
- Ensure that the procurement of goods, such as IT equipment sustainability and energy efficiency are key procurement factors, along with the health and safety requirements
- Stimulate innovation and ongoing research and development activities in the supply chain to drive value for money and positive, viable, sustainable options for goods, works and services in the future
- Utilise tools such as NetPositive Futures through contract management to support and encourage suppliers to enhance the positive social, economic and environmental impacts of their business through the creation of action plans
- Work proactively with Purchasing Consortia, and engagement with other universities to share best practice
- Consider products that are 'fairly traded'
- Work with relevant staff and departments to promote the use of WARPit for re-use of goods rather than procuring new and reducing consumption and the impact of goods, services and works through waste minimisation including packaging waste
- Where appropriate, consider local suppliers, SMEs, Black and Ethnic Minority Businesses, Social Enterprises, the Voluntary Sector to do business with the University
- Work with Professional Support Service colleagues and with Greenspace to continually look to improve social responsibility, environmental sustainability, and the sustainability of the University and its resources
- Reduce the impact of purchasing and supply activities by reducing paper flow through the procurement process, avoiding replication and minimising the administrative burden on suppliers.

## **VERSION CONTROL**

Approval date: November 2023  
Approved by: Procurement SMT  
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