

Tirion

Tirion Group Limited

Procurement Policy

Group Policy 2023

Procurement Policy

Statement of Intent

Tirion Group Limited [TGL] Tirion is an independent not-for-profit Community Benefit Society delivering large scale mixed-tenure housing regeneration with a focus on affordable homes. The Tirion Group consists of the following companies; Tirion Developments (Parc Eirin Development Company, Whiteheads Development Company, Ely Bridge Development Company), Tirion Homes Limited and Tirion Investments Limited and we add value through innovative finance, design excellence and collaboration.

Our responsible procurement ethos is a fundamental part of the TGL strategy for a sustainable business. TGL has set standards for ethical and responsible procurement to provide lower impact products and services; compliant with relevant industry standards. We commit to working with supply chain partners that share our standards and support TGL to achieve the objectives in TGL's five-year strategy.

TGL is aware of the issues relating to human rights and labour standards in the construction and services industry. TGL will comply with UK and international legislation and operate in a manner consistent with the principles of the United Nations Universal Declaration of Human Rights and the International Labour Organization.

TGL understands that there are a range of serious environmental challenges facing our World such as climate change and loss of biodiversity. TGL has a strong track record of environmental good practice and has always strived to go beyond minimum legal compliance wherever possible.

TGL either procures products directly, or via our sub-contractors and service providers. In all cases we have identified those categories of products which we believe pose the greatest risk for undesirable social and environmental impacts.

Policy Aims

To ensure effective implementation of this policy we will:

- Ensure supply chain partners complete our accreditation processes
- Apply a risk-based approach to ensure we focus on the areas of greatest potential impact
- Develop a programme of assessment of key supply chain partners against identified social and environmental risks
- Work and engage with local and/or smaller vendors where appropriate
- Promote transparency of practice and decision making, limiting the scope for unethical conduct
- Comply with the standards relevant to the countries in which we operate as a minimum
- We will monitor our performance and ensure that examples of best practice are identified and disseminated throughout the business

Senior management will review this policy annually, or following a major operational or organisational change, and establish objectives and targets that are consistent with TGL's five-year strategy.

This policy will be communicated to all our employees and organisations working on our behalf, displayed at our offices, on our intranet, and are made available to third parties.

David Ward

Chief Executive

For and on behalf of Tirion Group Limited

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1. Scope and Policy Framework

- 1.1 All procurement within the Tirion Group [Tirion Group Limited [TGL], Whiteheads Development Company [WDC], Parc Eirin Development Company [PEDC], and Ely Bridge Development Company [EBDC], along with Tirion Investments Limited [TIL] - must meet genuine business needs and utilise resources in the most cost-effective manner. The selection of suppliers must follow an appropriate process to ensure value for money which is maximised when the correct balance is achieved between user/customer satisfaction, quality of product, service or expertise, risk management and acquisition cost. Procurement exposes an organisation to many risks, not merely financial but legal, contractual and operational. Procurement also exposes individuals to potential risks. A coherent Procurement Policy is essential for ensuring effective governance of these risks.
- 1.2 The spend authorisation limits, supporting the Procurement Policy is designed to ensure all spend, budgeted or not, is managed effectively [see 2.6].
- 1.3 Procurement activities must comply with all legal and regulatory requirements and be conducted in accordance with ethical standards.
- 1.4 At all stages of the procurement process, appropriate controls must be in place to ensure that all risks are correctly managed.
- 1.5 This Policy defines the standards to be applied by all employees of the Group [TGL, WDC, PEDC, EBDC and TIL] with responsibility for making procurement decisions: those with delegated purchasing authority; those who contribute to the procurement decision as stakeholders; those who create requirements specifications; and those who are in contact with their suppliers.
- 1.6 Failure to ensure that the necessary authorities are in place before making an expenditure commitment, or to adhere to this policy, may result in disciplinary action.

2. Procurement Framework and Organisation

- 2.1.1 The Procurement Policy provides the framework and guidelines for all procurement activity. It is approved by the TGL Board and owned and implemented through the Director, with portfolio responsibility for procurement, CEO, FD and the Procurement Working Group who are responsible for reviewing and monitoring the effectiveness of this policy.
- 2.1.2 It is a fundamental requirement for all staff engaged in procurement activities to adhere to the highest standards of probity and governance. This includes:
- Obtaining best value for money by fostering an open competitive environment that delivers attractive and innovative proposals where value for money does not mean lowest price
 - Impartiality in the consideration of proposals
 - Dealing with actual, potential or perceived conflicts of interest
 - Accountability and transparency particularly in the use of resources and in opening the activities of the company to scrutiny
 - Confidentiality particularly in all commercial confidence matters, and
 - Seek to maximise benefits to the local economy through employment and investment
- 2.1.3 The role of the procurement working group is to create and maintain a 'best of breed' framework for procurement activity and ensure:
- Policies and procedures are monitored and managed effectively
 - Supplier relationships are managed effectively, and any issues are addressed in a timely and effective manner

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- Procurement support and leadership is available to internal customers involved in procurement activity
- Key areas of procurement activity are periodically market tested
- Avoid waste, abortive and unnecessary costs, on behalf of the Group and prospective suppliers

2.2 Key Suppliers

Key Suppliers provide goods and services of strategic importance to the Group. Strategic importance is defined by cost and/or risk which would be indicated by:

- a lifetime contract value of over £50,000 (including embedded derivatives such as RPI increases) or
- a high-risk profile (either of the purchase or of the supplier) where sub-standard quality or customer service would have a material impact on the Group's business

Such procurement activity will generally involve a full competitive tendering process. Where a single tender action is deemed appropriate by the Portfolio Director and/or the Board, suppliers will be required to submit detailed proposals which will be subject to an independent benchmarking assessment to ensure costs/fees are in line with the current market.

2.3 Tendering

Where deemed appropriate, procurement must be supported by a formal competitive tendering exercise or an evaluation of quotes from at least 3 suppliers except:

- Where the lifetime value of the goods and services being purchased is under £10,000 and the risks associated with the purchase (the supplier, the goods and/or services) are negligible.
- Where the lifetime value of the goods/services is over £10,000 but time is of the essence and to undertake any evaluation would significantly jeopardise security or expose the Group to unnecessary risk. A competitive tendering exercise can be fast-tracked within 2-3 weeks (depending on the complexity of the requirements) and a decision not to undertake such an exercise will require authorisation by the Director responsible for procurement.
- Where the lifetime value of the goods/services is over £10,000 but a documented business case exists to purchase a proprietary product that is only available from a single source. This will require authorisation by the Director responsible for procurement.

2.4 Procurement of specialists

There will be key experts, with significant experience/expertise etc. who would form a natural fit with the organisation. It is therefore reasonable to appoint such experts without the need for a formal procurement process.

To ensure the robustness of the selection of the experts we must be able to demonstrate value for money; this should include a regular benchmarking exercise to validate prospective costs.

2.5 All procurement decisions where the lifetime value of the goods/services is over £10,000 may be the subject of future scrutiny by an Audit.

2.6 In all instances where the lifetime value of the goods/services is over £10,000 and it is proposed to only obtain a single quotation or extend an existing contract without going out to tender, the following approval must be obtained:

< £20,000	-	CEO plus FD
> £20,000	-	Director responsible for procurement or Chairman, plus CEO

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> £50,000 - TGL Board or EBDC Board or WDC Board or PEDC or TIL Board

3. Legal

- 3.1 Procurement activities must comply fully with all applicable UK and European law and regulations.
- 3.2 A formal contract approved in accordance with the Procurement Policy must be put in place for all suppliers.
- 3.3 Supplier contracts should generally not exceed 5 years. Contracts up to and including 3 years in duration may be extended in annual increments to a maximum duration of 5 years. An appropriate price and service comparison exercise must be conducted before any extension is agreed. Exceptions to this policy (for example, outsourcing contracts including RSL/HA contracts) may require longer contract terms or comparison exercises which may be limited to an evaluation of the cost of change and the propensity of the market to take part in any exercise. Such exceptions must be authorised by an Executive Director; and subject to annual review against service level agreements.
- 3.4 It is only permitted to enter into contracts with suppliers based in the following specific geographic locations: UK; Europe; USA. Contracts with suppliers based in countries other than these require prior authorisation from a member of the Board. Where contracts involve the transfer and/or storage of data, the contract must stipulate that data must be stored within the UK.

4. Documentation

- 4.1 Supporting information regarding the procurement process must be retained. Procurement decisions, including supplier selection and contract award will be subject to Audit scrutiny to ensure that appropriate policies and procedures have been followed.
- 4.2 A log of all contracts must be maintained, and the original signed documents must be stored securely.

5. Expenditure Authority

- 5.1 All expenditure should be authorised in accordance with the Expenses Policy. Specific responsibility to approve expenditure is delegated to appropriate employees.
- 5.2 Employees with expenditure authority must act within their agreed financial limits when authorising the purchase of necessary goods and services to support their business requirements.

6. Professional Conduct

- 6.1 All relationships with current or potential suppliers must comply with the law and applicable regulations and be conducted in a fair and objective manner.
- 6.2 All employees engaged in procurement activity must:
- Always treat suppliers fairly and objectively
 - Provide the same opportunity and information to all suppliers involved in the procurement process
 - Provide feedback to unsuccessful suppliers
 - Ensure that contracts with Key Suppliers are reviewed appropriately and that alternative suppliers have an equal opportunity to win the business at these times
 - Ensure that our procedures do not place any unnecessary obstacles in the way of Welsh companies, small and medium size enterprises (SME), new companies, and companies owned or managed by members of minority or disadvantaged groups

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- Pay suppliers in accordance with the agreed terms and deal with any exceptions in a timely manner
- Comply with the requirements of any Corporate Social Responsibility (CSR) supply chain management principles

6.3 All employees involved in supplier selection or expenditure authorisation must declare if they have a pecuniary or non-financial interest in a contract, contractor or supplier.

6.4 All employees must comply with the Standards of Business Dealing and Conduct Policy, specifically the section dealing with Gifts, Entertainment and Inducements and understand the implications of the Bribery Act.

6.5 All employees undertaking procurement activity must respect the confidentiality of information that has been provided on, or from, suppliers. An appropriate non-disclosure/confidentiality agreement must be agreed with the supplier or potential supplier before disclosure of sensitive information.

6.6 Should an employee become aware of any actual or potential conflicts of interest during a procurement activity, it should be reported to line management as soon as it is identified so that where necessary, a change of personnel may be arranged. Where former employees may be potential suppliers, it is important that they do not receive or expect to receive special consideration and every effort is to be made to ensure fair competition among all suppliers.

6.7 Where Employees or Directors have dealings with our suppliers in their private affairs, they must specifically avoid any situation which may put them under some obligation to the supplier. It is essential that they ensure they are not offered any sort of deal which is not commonly available, and which could be construed as a reward for actions taken in the course of their employment.

Exceptions to this include situations where a staff discount has been arranged or procedures designed to facilitate staff access to suppliers have been put in place.

6.8 Should an employee become aware of any suppliers (apparently) acting to fix prices or divide up markets or become aware of arrangements designed to put pressure on suppliers, their suspicions should be reported (with any supporting evidence) to the Director responsible for the procurement portfolio, who will investigate and, if necessary, pass the information to the Office of Fair Trading.

7. Supplier Selection and Management

7.1 Selection of suppliers must follow a documented evaluation process, including an appropriate selection panel, underpinned by an appropriate scoring methodology to be approved by the Procurement Working Group.

7.2 The fundamental criteria used to assess any tenders are cost and quality. The relative allocation of importance [%] will be communicated at the outset of the tender process by the procurement group. This will be based on the procurement team's assessment of the unique aspects of the work being tendered; tenders will be informed of the relative split.

7.3 The procurement group will set an "appropriate fee", based on a collective experience of similar works, which will be used to benchmark tender responses.

7.4 Where it has been agreed that a spend limit is the constraint, assessment against "appropriate" cost may not be relevant, we will seek tenders to respond to the question, "What can you deliver for the price".

7.5 Evaluating tender cost response against "appropriate cost" will be using a points system where a maximum 10 points will be awarded for matching the "appropriate fee" and a sliding scale will be used

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for any deviation [+/-] from the “appropriate fee”. The scale to be agreed before invitation to tender but will not be communicated to tenderers.

7.6 Evaluating against quality criteria will, where possible, be based on an objective assessment of tender responses rather than a subjective assessment. Generically, there will be 4 criteria used in all assessments, which may be supplemented as agreed by the Procurement Group before tenders are issued. The key 4 quality criteria:

- The team [including individual personal experience, chemistry]
- The practice [including financial stability, knowledge, cultural fit, local, capability, capacity and flexibility]
- Project inputs [including methodology, site specific approach, value add ideas]
- Programme [including indicative plan, risks, and stakeholder engagement]

7.7 The likely distribution is 30% Team/Practice/Project and 10% Programme.

7.8 For commissions over £50k formal interviews will be undertaken.

7.9 The Group has a responsibility to the community in which we operate. Other things being equal, preference will be given to Welsh organisations or organisations with locations in Wales which support the Welsh economy.

7.10 The opportunity for reciprocal trading arrangements will be included within the tender process and suppliers who can demonstrate a potential benefit in this regard will be given due consideration. Where a contract includes a measure of reciprocity, the supplier shall be treated as a Key Supplier as defined under this Procurement Policy.

7.11 An appropriate supplier management framework must be implemented and maintained. The framework must include documented escalation plans, contingency plans and review meetings which consider the following:

- Supplier performance
- Operational risk management
- Change in financial stability or commercial viability
- Change in supplier capacity and capability
- Change in any other dependencies.

7.12 For any contract where the supplier’s performance requires monitoring over a period of time, the methods and criteria for monitoring must be agreed in advance.

7.13 All activities related to supplier relationship management must comply with regulatory requirements and provide evidence of engagement with suppliers.

7.14 Wherever possible, when problems arise with a supplier’s performance or behaviour, we will work with the supplier to help them meet our requirements.

8. Supplier Payment

8.1 Unless alternative terms are agreed, the Group’s standard payment terms are 30 days from receipt of invoice. The Group’s suppliers are entitled to receive payment within the payment terms provided their goods and services have met our contractually agreed specifications. Should a supplier fail to supply goods or services as agreed, payment may be withheld and CEO/FD, once advised of the situation, will be responsible for ensuring that the supplier rectifies their omissions before payment is authorised.

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9. Risk Management

Each company Board must review continued use (over 5 years) of any Key Supplier or where the supplier does not meet the Group's CSR requirements. We must not infringe existing laws, and must conform to the highest ethical, social and environmental standards. We will not use companies that exploit child or sweated labour; that disregard basic health and safety provision; that 'pirate' the intellectual property of others; that wilfully and avoidably damage the environment; or could, by association, damage the reputation of the Group.

9.1 Financial

Procurement activity aims to achieve the best possible value at optimum cost. Value includes not only the initial purchase price, but costs over the lifetime of the goods or service, such as financing and depreciation; maintenance and support; energy consumption. Value also includes the reliability of the goods and services.

Some suppliers, although providing goods and/or services of low annual value, represent a significant financial risk over the lifetime of the contract. These suppliers will be treated as Key Suppliers and be governed by those policies and procedures relevant to Key Suppliers.

9.2 Operational

Some suppliers, although providing goods and/or services of low annual value, represent a significant operational risk and could have a material impact on the Group's business should they default on a contract or provide goods/services which are of sub-standard quality. These suppliers will be treated as Key Suppliers and be governed by those policies and procedures relevant to Key Suppliers.

9.3 Compliance

Some suppliers, although providing goods and/or services of low value, represent a significant compliance risk and could have a material impact on the Group's business should they default on a contract or provide goods/services which are of sub-standard quality. These suppliers will be treated as Key Suppliers and be governed by those policies and procedures relevant to Key Suppliers.

Suppliers are required to maintain and evidence responsible health and safety practices. During the procurement process for any goods and services with a health and safety liability, supplier evaluation must include consideration of the health and safety risks that the provision of goods and services presents to Group customers, employees and supplier staff. Contracts with such Key Suppliers are reviewed annually by Procurement portfolio group.

Suppliers are required to respect fundamental human rights, including worker representation. Where relevant, supplier evaluation must include consideration of the human rights risks that the provision of goods and services presents to Group customers, employees and supplier staff.

9.4 Environmental

The selection of products and services must comply with environmental legislation and favour those goods and services showing clear environmental advantages unless there are significant documented reasons for not doing so.

Where relevant, supplier evaluation must include consideration of the environmental risks associated with the procurement.

Contracts for the supply of goods and services will include provision for disposal of end-of-life assets - waste, surplus and obsolete equipment.

9.5 Reputational

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Some suppliers represent a significant risk to the reputation of the Group due to the goods or services they provide, especially where they may be seen to be providing these as an agent or partner of a Group company. These suppliers will be treated as Key Suppliers.

Treating our own customers fairly is of vital importance to us. We will, as far as possible, work only with suppliers that share our beliefs and values and treat their customers fairly. During the procurement process, and periodically during the life of any subsequent relationship with a supplier, we may seek confirmation or obtain evidence that the supplier can demonstrate these values.

9.6 Strategic

The Group's intellectual property – designs, patents, trademarks and know-how - is valuable to us. Where suppliers are involved in design or development work, the contract must specify the ultimate owner of the intellectual property created under the agreement. Where procurement activity involves something which we, or our customers, are likely to need to reproduce or copy, the contract must make clear our right to do so. Similar considerations extend to all forms of commercial information. Group employees must never pass to suppliers any information that they do not need to know, and employees must respect the confidentiality of information we learn about and from our suppliers.

Suppliers must also be aware that they are not permitted to use the TGL, THL, EBDC, WDC or PEDC name, or information about any work they may have performed for any Group company, in any promotional material, without the prior approval of the CEO.

10 Board member/trustee payments

- 10.1 Board Members and Trustees are entitled to claim reasonable expenses, as outlined in the Group Remuneration Policy and set out in the Expenses Policy.
- 10.2 Board Directors may be entitled to receive a monthly fee, as outlined in each individual contract.
- 10.3 As per Charity Commission rules, Trustees may not receive payment for their work as a Trustee.
- 10.4 Board Members may be requested to provide consultancy services, from time to time, in support of Group Companies.

11 Directors/Trustees appointed as Consultants

- 11.1 It is important that the appointment of any consultants adheres to the Procurement Protocols; this applies equally to Group Board Members [Directors and Trustees].
- 11.2 It is important that a need is clearly identified and supported by a business case to appoint a consultant.
- 11.3 It is expected that any consultant appointed has the necessary experience and competence in the field in which they are being appointed.
- 11.4 Before contracting with a Board member, the Chair of the relevant contracting subsidiary and one other Board Director must authorise the appointment.
- 11.5 The supporting information to include a Deliverable Description Form [Appendix A]. This will outline the task/project the contractor is being employed to undertake/deliver and how success will be measured. Each new task/deliverable to be supported by a DDF.

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January 2023
Appendix A

Deliverable Description Form

Project name:	Deliverable Title:	Author:
Date:	Version:	Contractor:
Estimated delivery effort & Cost:		Authorisers:

Purpose:

Bullet point narrative explaining why this deliverable is required, and what it is [not always clear from deliverable label]

Specification:

Explanation as to what the deliverable will be, e.g., high level design document

Derivation:

Sources of information/data/people required to contribute to the deliverable

Presentation:

The physical output – for e.g., Word Document, Excel Spreadsheet, 3D drawing

Acceptance Criteria:

List of “tests” that the output has to pass to demonstrate quality is good enough; e.g., is the design work of a high standard?

Method of Conformance:

Who will check the deliverable to ensure it is fit for purpose – names & roles

External Dependencies:

List of deliverables needed to support the completion of this deliverable, the what, when and who.

Key Activities and target dates:

Schedule of activities/deliverables and associated costs