

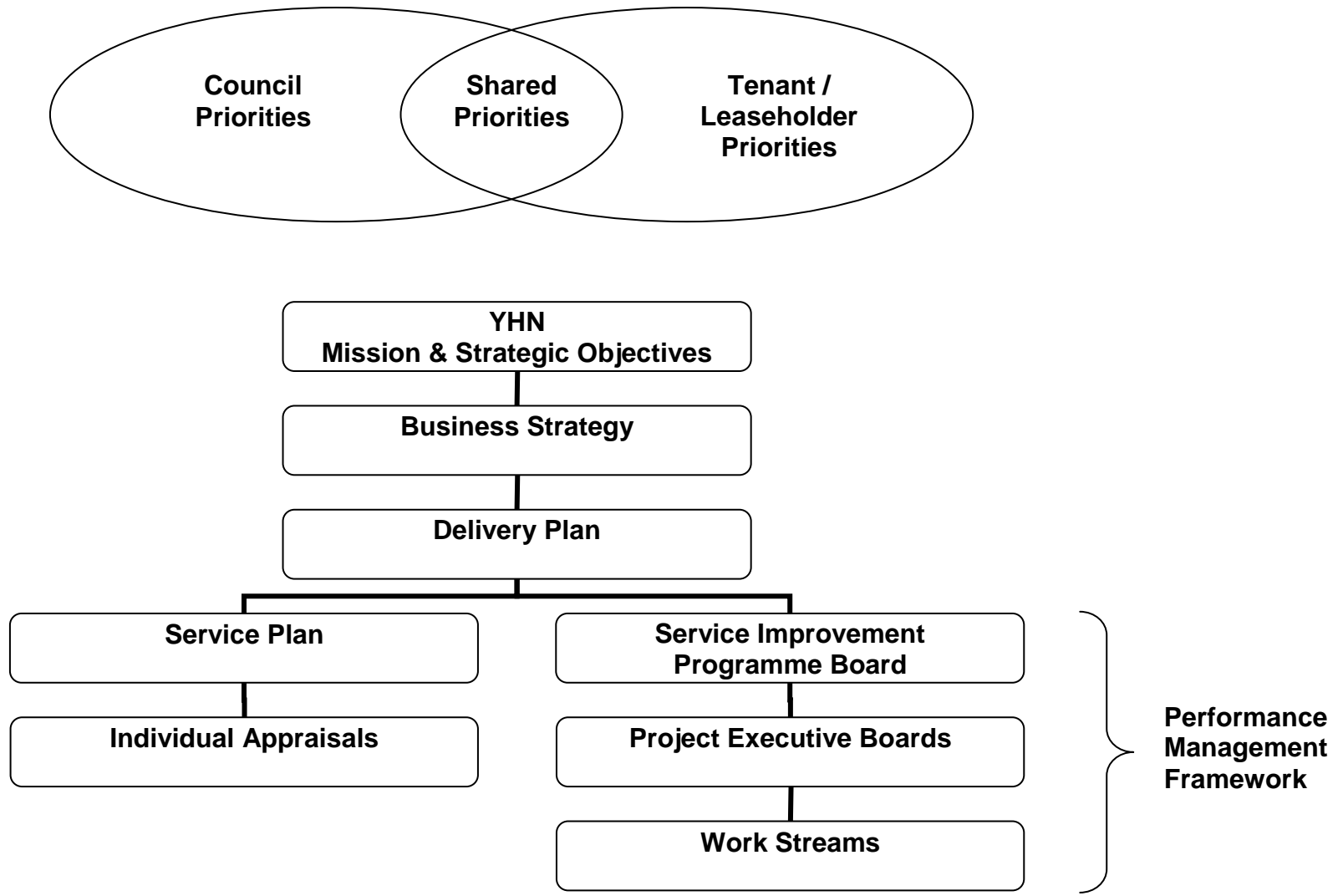


Appendix 1 Our Strategic Planning Framework	Page 2
Appendix 2 Our Governance Arrangements	Page 3
Appendix 3 Finance and Resources Committee	Page 4
Appendix 4 Procurement Law	Page 5
Appendix 5 Financial Regulations	Page 6
Appendix 6 Equality and Diversity	Page 11

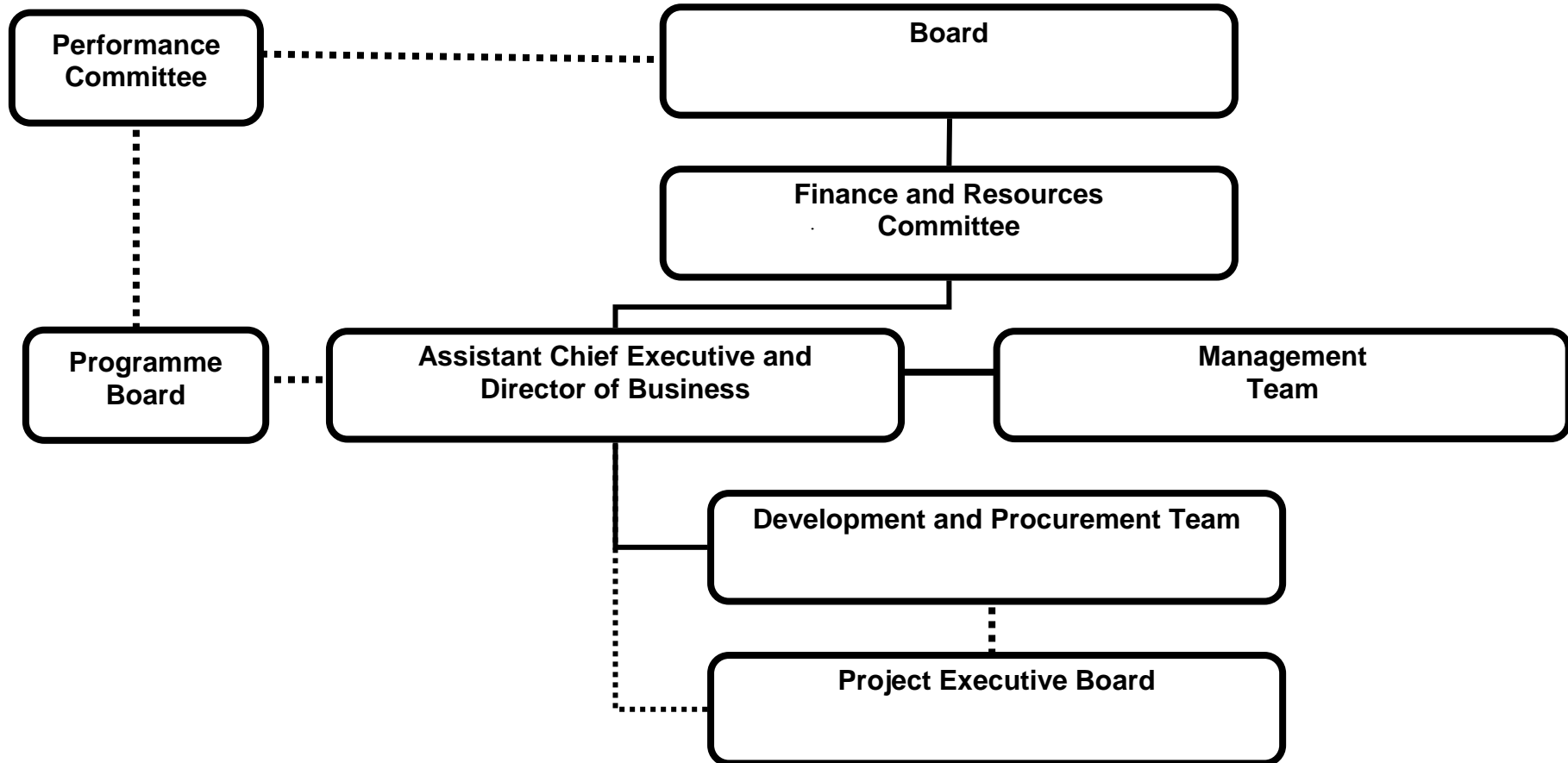
Policies, Processes and Toolkits:

Appendix 7 Procurement Policy	Page 13
Appendix 8 Procurement Service Review Programme	Page 18
Appendix 9 Corporate Procurement Process	Page 24
Appendix 10 Options Appraisal Toolkit	Page 33
Appendix 11 Framework Agreement Guidance	Page 40
Appendix 12 Establishing Ethics Walls	Page 44
Appendix 13 Setting Evaluation Criteria	Page 46
Appendix 14 Soft Market Testing	Page 52
Appendix 15 E-Procurement Policy	Page 55
Appendix 16 Risk Management Process	Page 57
Appendix 17 Fair Employment Policy	Page 62
Appendix 18 Fair Employment – Staff Engagement Policy	Page 66
Appendix 19 Policy for User and Community Engagement	Page 73
Appendix 20 Major Projects	Page 76
Appendix 21 Failing Contracts	Page 77
Appendix 22 Use of Consultants	Page 78
Appendix 23 Anti Fraud and Corruption	Page 79
Appendix 24 Managing Contract Performance	Page 80
Appendix 25 Supporting Bidders – Allowing Adequate Time to Prepare and Submit Bids	Page 82
Appendix 26 Targeted Recruitment and Training in Procurement Practices	Page 83
Appendix 27 Supported Factories and Businesses	Page 84
Appendix 28 Sustainable Procurement Statement	Page 86
Appendix 29 Glossary of Terms`	Page 87

Appendix 1 – Our Strategic Planning Framework



Appendix 2 – Our Governance Arrangements



Appendix 3 – Finance and Resources Committee

All members of the Finance and Resources Committee are full Board Members. Finance and Resources Committee is supported by the Director of Finance and Resources.

Finance and Resources Committee has full delegated power for the development and implementation of Your Homes Newcastle's Procurement Strategy (this Strategy), governance of major procurement projects and guidance on the development of procurement proposals arising from an appraisal of options for service delivery.

To provide a challenge and Member consultation for any in-house service review, Service Level Agreement review or major project procurement, project managers/sponsors and service managers are required to make a presentation to Finance and Resources Committee and take part in a subsequent question and answer session as part of presenting any report seeking a resolution to the project.

Trade union representatives will be invited to attend part of Finance and Resource Committee meetings to discuss relevant issues such as staff and trade union involvement in the procurement process, options appraisal and the preparation of in-house options.

Appendix 4 - Procurement Law

Procurement is governed by a number of legislative and regulatory sources. The Finance Committee shall, through the Assistant Chief Executive and Director of Business, seek confirmation of the appropriate legislation and legislative process prior to any decision pursuant to this Strategy.

The Director of Finance and Resources shall draw upon the Legal Services Service Level Agreement with Newcastle City Council to assist in providing assistance with identifying and confirming appropriate legislation and legislative process.

The following are current applicable legislative sources:-

- European Commission 2004 Procurement Directive – implemented into UK legislation by the Public Contracts Regulations 2006
- European Commission 2009 Remedies Directive – implemented into UK legislation by the Public Contracts (Amendment) Regulations 2009.
- Government Procurement Agreement of the World Trade Organisation;
- Local Government Act 1972;
- Local Government (Contracts) Act 1997 (power to obtain goods, services and works);
- Local Government Act 2000 (power to promote well-being);
- Local Government Best Value (Exclusion of Non-Commercial Considerations) Order (Statutory Instrument 909/2001);
- DETR Circular 10/99.
- The Local Government Act 2000 (Constitutions) (England) Direction 2000.
- The Equality Act 2010
- Fair Trading covering a wide area of consumer protection law, the main areas covered are:-
 - safety
 - pricing
 - weights and measures
 - descriptions of products and services
 - the contract between a buyer and seller
 - competition between businesses

The primary purpose of this type of legislation is to ensure ‘truthfulness of trade’ thus preventing consumers being misled during contractual negotiations for goods and services.

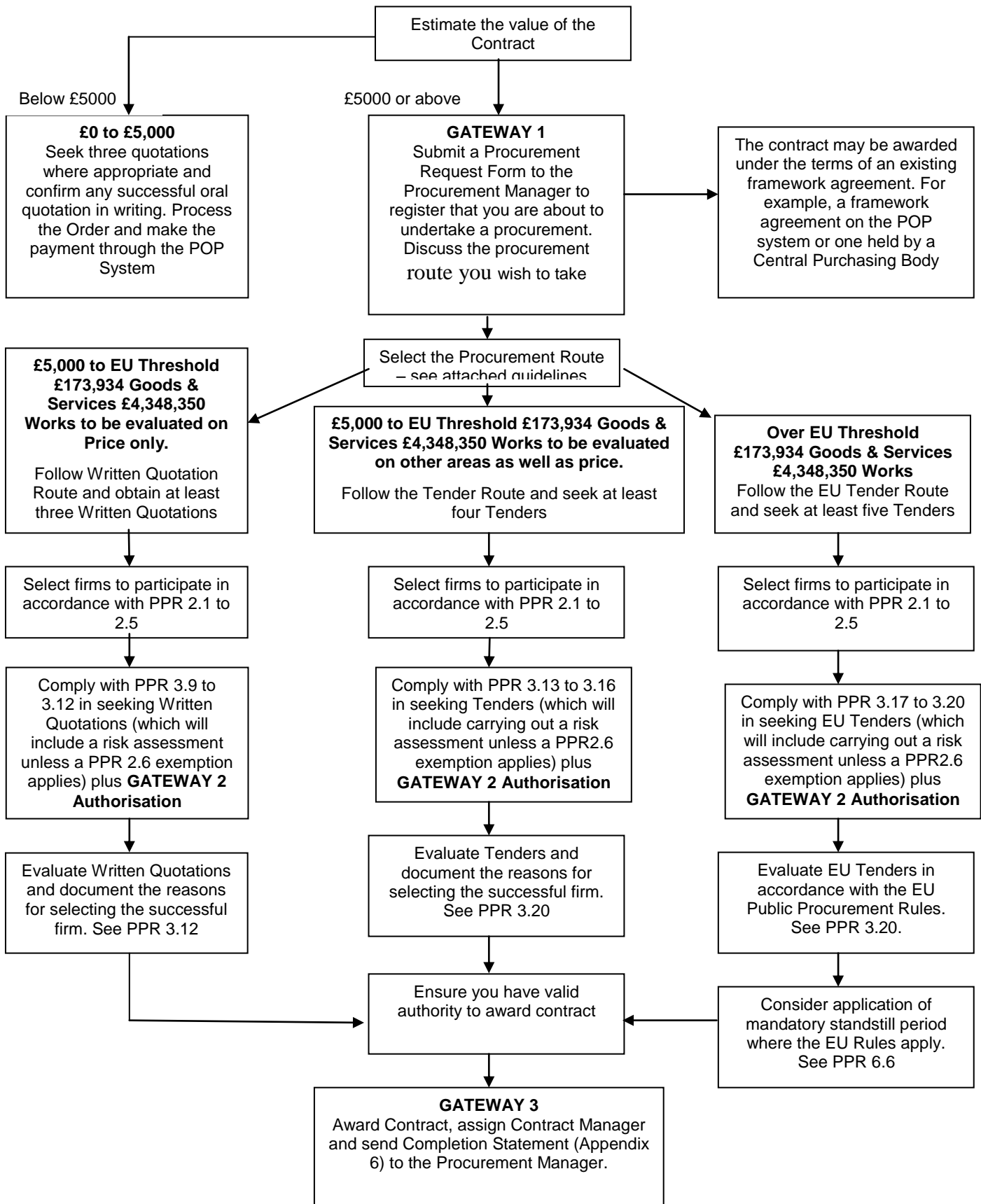
- The Bribery Act 2010

Appendix 5 – Financial Regulations

Financial Regulation 8 – Procurement and Contracts (July 2010)

- 8.1 The Procurement Procedure Rules (PPR) shall apply and be followed whenever Your Homes Newcastle wishes to arrange for:
- (a) The purchase of goods, materials and related services (that is, services which are integral to the provision of those goods or materials, such as installation, servicing, maintenance etc);
 - (b) The execution of works; or
 - (c) The provision of other services (including consultancy and other external professional services).
- 8.2 The Procurement Procedure Rules are part of this Financial Regulation 8 and failure to comply with them shall amount to a breach of financial regulations.
- 8.3 Subject to the specific provisions of the Procurement Procedure Rules , Your Homes Newcastle officers shall in undertaking any procurement of goods, materials, works or services always have regard to and seek to implement the following general principles:
- 1. The need to ensure Your Homes Newcastle and its customers obtain value for money and are properly protected as consumers of the goods, works or services;
 - 2. The need to ensure and demonstrate true and fair competition, without unlawful discrimination;
 - 3. The need to ensure the procurement process is transparent and accountable and susceptible to full audit; and
 - 4. The need to ensure the elimination of any opportunities for fraud or corruption.

Flowchart for Procuring Contracts



NB. This is guidance only and officers must follow the Rules. If in doubt, seek advice from the Legal Services Procurement Team or the Procurement Manager.

Guidance on Financial Thresholds and Documentation / Audit Requirements

Total Value	Procurement Route	Documentation Requirements	Evidence for Audit Purposes
Under £5,000	<p>Obtain at least Three Quotations unless Inappropriate - see PPR1.4 A Delegated Officer must be satisfied good value for money is obtained.</p>	<p>The successful quotation if oral must be confirmed in writing. All payments must be made and all Orders processed via the POP system.</p>	<p>Officers must keep a written record of all quotations received and of the reasons if less than 3 have been sought.</p>
<p>£5,000 to EU Threshold £173,934 Goods & Services £4,348,350 Works.</p> <p>To be evaluated on Price only</p>	<p>Obtain at least Three Written Quotations – follow PPR 3.9 to 3.12. <i>Quotations</i> must be sought and submitted by a certain date through the electronic tendering system unless agreed otherwise.</p>	<p>The complete list of documentation required to undertake the procurement is stated at PPR 3.11 which must be checked and dispatched by 'Gateway 2'. The successful firm must pass the risk assessment requirements unless exempt under PPR 2.6. An Order attaching the standard <i>Terms and Conditions</i> may be placed with the successful firm otherwise a <i>Formal Contract</i> is needed, before the firm commences work. All Orders and Payments must be made through the POP system. A Completion Statement (Appendix 6) must be sent to the <i>Procurement Manager</i>.</p>	<p><i>Officers</i> must:-</p> <ol style="list-style-type: none"> 1. Keep a written record of the price received from each firm as well as keeping a detailed written record of the reasons if the lowest price is not accepted. This written record must be authorised by the Procurement Manager. 2. retain a copy of the <i>Formal Contract</i> or evidence of placing the Order and a copy of the <i>Terms and Conditions</i>; and 3. retain a completed Summary of Quotations/Tenders/EU Tenders Received Form

<p>£5,000 to EU Thresholds</p> <p>(£173,934 for Goods & Services</p> <p>£4,348,350 for Works)</p> <p>To be evaluated on other areas as well as Price</p>	<p>Seek a Minimum of Four Tenders</p> <p>– follow PPR 3.13 to 3.16. <i>Tenders</i> must be sought and submitted by a certain date through the electronic tendering system where ever possible.</p>	<p>The complete list of documentation required to undertake the procurement is stated at PPR 3.15 which must be checked and dispatched by ‘Gateway 2’. The successful firm must pass the risk assessment requirements unless exempt under PPR 2.6. An Order (attaching the standard <i>Terms and Conditions</i>) may be placed with the successful firm otherwise a <i>Formal Contract</i> is needed, before the firm commences work. All Orders and Payments must be made through the POP system. A Completion Statement (Appendix 6) must be sent to the <i>Procurement Manager</i>.</p>	<p><i>Officers</i> must:-</p> <ol style="list-style-type: none"> 1. carry out and evidence a scoring exercise which assesses the firms’ <i>Tenders</i> against the evaluation criteria (unless awarded on price alone) and keep a detailed written record of the reasons for selecting the successful firm for at least three months; 2. retain a copy of the <i>Contract</i>; and 3. retain a completed Summary of Quotations/Tenders/EU Tenders Received Form;
<p>Above the EU Thresholds</p> <p>(£173,934 for Goods & Services</p> <p>£4,348,350 for Works)</p>	<p>Seek a Minimum of Five Tenders</p> <p>- follow PPR 3.17 to 3.20. Over the <i>EU Threshold Tenders</i> must be sought by following the <i>EU Public Procurement Rules</i>.</p>	<p><i>Officers</i> must seek advice from the <i>Procurement Manager</i> in the first instance who will seek approval from the <i>NCC Legal Services Procurement Team</i> if the <i>EU Rules</i> apply. <i>Gateway 2</i> must checked and dispatched all documentation. The successful firm must pass the risk assessment requirements unless exempt under PPR 2.6. There must be a <i>Formal Contract</i> in place before the firm commences work. All Orders and Payments must be made through the POP system. A Completion Statement (Appendix 6) must be sent to the <i>Procurement Manager</i>..</p>	<p><i>Officers</i> must:-</p> <ol style="list-style-type: none"> 1. carry out and evidence a scoring exercise which assesses the firms’ <i>Tenders</i> against the evaluation criteria (unless awarded on price alone) and keep a detailed written record of the reasons for selecting the successful firm for at least three months; 2. retain a copy of the <i>Contract</i>; and 3. retain a completed Summary of Quotations/Tenders/EU Tenders Received Form;

<p>Any Value of £5,000 or more</p>	<p>Negotiation with One Firm – follow PPR 3.21 to 3.27.</p>	<p>The firm must pass the risk assessment and there must be contractual <i>terms and conditions</i> in place before the firm commences work. <i>Officers</i> must first ensure that any negotiation with one firm complies with <i>EU Rules</i> (and seek legal advice to this end) and complete an Authorisation to Negotiate Form (Appendix 4). The firm with which negotiation takes place must pass the risk assessment requirements unless exempt under PPR 2.6.</p> <p>All Orders and Payments must be made through the POP system.</p> <p>A Completion Statement (Appendix 6) must be sent to the <i>Procurement Manager</i>.</p>	<p><i>Officers</i> must:-</p> <ol style="list-style-type: none"> 1. retain a copy of a completed Authorisation to Negotiate Form (Appendix 4) which has been signed by a <i>Delegated Officer</i> (and the <i>Director of Finance & Resources</i> if the value exceeds £100,000). If over £100k, consultation must take place with the Chair of Finance & Resource Committee via the Director of Finance & Resources before authorisation to negotiate is given. Evidence must be kept of all procedures complied in accordance with PPR 3.21 to 3.27; and 2. retain a copy of the <i>Contract</i>.
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Note: This is for guidance only and Officers must follow the Procurement Rules. If in doubt, Officers should seek advice from the Procurement Team.
PPR – The Procurement and Procedure Rules (part of Financial Regulation 8)

Appendix 6 Equality & Diversity

Your Homes Newcastle has a public sector equality duty under the Equality Act 2010 relating to protected characteristics of race, disability, sex, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment.

This duty requires us not only to avoid discriminating but to actively promote equality and to tackle discrimination when carrying out our procurement functions.

Copies of YHN's Equality Policy can be viewed on our website www.yhn.org.uk. For advice and guidance on the full range of equality matters telephone 0191 2784390.

In addition to the statutory equality duties we use the Social Housing Equality Framework as the framework to help us mainstream equality and meet our legal responsibilities. A key aspect of the framework is that we demonstrate an effective contract management system is in place and that it takes account of equality issues.

The framework has three levels of achievement:

- Developing
- Achieving
- Excellent

Each level has five areas against which we will measure our performance.

Knowing our customers and equality mapping (the use of local and national data to understand the profile of communities and measure inequalities)

Place shaping, leadership and partnership and organisational commitment (understand the importance of equality in visions of place, political and officer leadership, working with partners to challenge inequality)

Customer engagement and satisfaction (involving diverse groups in decision making and assessing satisfaction)

Responsive services, access and customer care (providing personalised services that meet the needs of people from different backgrounds, reflecting different needs in commissioning and procurement, measuring access)

A progressive and diverse workforce (measuring the diversity of the workforce, setting appropriate objectives to improve performance, equal pay and flexible working).

We have reached the Achieving Level of the framework and are now committed to reaching the Excellent Level.

As part of this commitment we reviewed equality practices within our procurement activity, resulting in a number of changes to our procurement processes. These changes will

ensure that there is a consistent approach to equality within all contracts and our procurement activity across YHN.

- We include a standard equality clause in standard documentation on all major contracts for services and works. This requires contractors to comply with relevant equality legislation and codes of practice and to provide evidence that they are working to promote equality
- We include a standard equality clause in the terms and conditions used for goods and related contracts
- We ask equality questions in all YHN Pre Qualification Questionnaires relating to Human Rights and the nine protected characteristics of race, disability and sex equality, age, sexual orientation, religion or belief, pregnancy and maternity, and gender reassignment. This enables us to assess the arrangements of potential contractors for ensuring that they adopt fair employment practices which comply with relevant equalities legislation
- We include standard equality statements in tenders for YHN contracts. These outline YHN's commitment to equality of opportunity and its expectations of tenderers.

We are also committed to ensuring that:

- All our procurement practices support our Equality Policy and enable us to meet our duties under the relevant equality and diversity legislation.
- All contracts we award are non discriminatory and promote equality of opportunity
- The contractors we work with are non discriminatory and share our commitment to promoting equality of opportunity
- Where relevant we provide advice, guidance and support to our contractors and potential contracts so that they can improve their performance and the performance of those they work with.

Where appropriate we will exercise our right to reserve contracts in line with the 'Reserved Contracts 2006' regulations. These regulations enable us to reserve the right to participate in public contract award procedures to supported factories and businesses or economic operators, which operate supported employment programmes. (See Appendix 27 for full details).

Appendix 7 – Procurement Policy

1. Overview

All ALMOs have a duty to provide “Value for Money”. We must continually improve our services in terms of quality, effectiveness and efficiency.

This policy sets out the approach that we take to achieving ‘Value for Money’ across our services. This may be through indirect competition (benchmarking) or direct competition (a procurement exercise). It also sets out the conditions under which Your Homes Newcastle is committed to using in-house services and works.

2. Overall Policy

We will employ the following approaches to achieve both “Value for Money” and continual improvement in the quality, standards and delivery of Your Homes Newcastle services and strategic project planning, development, implementation and monitoring:

A. Through Indirect Competition (Benchmarking)

Your Homes Newcastle will assess the competitiveness of different functions by reference to HouseMark and the ALMO Performance Improvement Club, other bodies including acknowledged ‘best practice’ ALMOs, housing associations and private and voluntary sector providers. Where services are provided in-house, and the difference between their performance and national best practice is such that best practice can be achieved within a reasonable timescale, the services will, with support and encouragement, develop a Service Improvement Plan to achieve equivalent levels of performance, or better.

B. Through Direct Competition (Procurement Exercise)

Where a SIP is not appropriate or where a service has developed a SIP but this has not been implemented so as to achieve the required standards of performance and service delivery, we will, having regard to current performance and suitability, undertake a procurement exercise seeking the best possible service provision. Such a procurement exercise may or may not involve an in-house bid. Contracts will be awarded to the provider offering the most economically advantageous balance of quality and cost within the context of Your Homes Newcastle’s policy objectives.

3. Key objectives

The key objectives of ‘Value for Money’ Procurement, subject to legal and regulatory constraints, are divided into strategic outcomes and best practice procurement objectives:

A. Strategic Outcomes:

- The fundamental commitment to deliver the best and most appropriate services possible for our tenants, leaseholders and service users;
- Ensuring that procurement and project planning reflects our core values and corporate aims and policy objectives, in particular to make YHN sustainable and prosperous by addressing equality, community involvement, housing, education and skills, employment and the economy, crime and community safety, arts and culture, health and social care, the environment and transport,
- Achieving clearly specified outcomes for each service which directly relate to the quality and responsiveness of the service;
- Generating the most economically and socially advantageous balance of quality and whole-life cost;
- Taking full account of the need for economic and social sustainable development in the whole-life evaluation of proposals;
- Taking full account of local circumstances and priorities;
- Maximising opportunities to reduce inequalities and increase social inclusion;
- Furthering our commitment to fair employment;
- Maximising community well-being and sustainability;
- Maximising local labour and social and economic provisions;
- Supporting regional policies to maximise the benefits of local sourcing of goods and services;
- Ensuring participation of service users, the community, staff and their representatives in the procurement process; and
- Underpinning our Corporate Procurement Strategy.

B. Best Practice Procurement Objectives:

- To achieve clear ownership by Board Members and senior officers;
- To be an explicit responsibility of Finance and Resources Committee;
- To achieve the 4Cs of challenge, compare, compete and consult;
- To be timely;
- To minimise the burden on administrative and monitoring resources;
- To avoid over-complicating simple or routine transactions;
- Explore all appropriate forms of procurement and partnering arrangements;
- To encourage the continuing participation of high quality partners and tenderers;
- To encourage and develop local awareness and ability to participate in our procurement and partnering opportunities; and
- To be transparent and democratically accountable.

4. Requirements

All services, whether provided by existing or potential providers, are required to demonstrate (subject to legal and regulatory constraints):

- Commitment to meeting the needs and addressing the aspirations of users of the services and to other stakeholders;
- Value for money and operational efficiency as evidenced by national performance indicators where available or by other means of benchmarking;
- Compliance with stated service aims and objectives, and evidence of an organisational culture that will accommodate the implicit public service objectives of the service in question;
- A detailed service delivery plan;
- Commitment to continuous improvement, innovation and best practice public policy;
- Commitment to valuing the staff of the service and to encouraging a motivating environment;
- Commitment to quality and equality, both within the employment practices of the organisation itself and in the delivery of the service; this must include Your Homes Newcastle's obligations under the relevant equality and diversity legislation;
- Effective management, systems and procedures;
- Flexible working arrangements to meet user requirements;
- Commitment to Newcastle City Council's Charter for the Environment, 'Local Action 21' and the principles of EMAS; and
- Commitment to Your Homes Newcastle's policy objectives.

There may be some instances where the average size or nature of an external provider may make some of these provisions unreasonable. In that case, the procurement in question will assess the level of compliance that can reasonably be required.

All procurement decisions will be informed by:-

- Specifying in advance the service required;
- An understanding of the market in question;
- A risk analysis of the various options.

We will actively seek to procure services from a source that best meets our objectives, and when applying this Strategy will consider the possible implications of the following:

- The level of financial investment that will be made for the benefit of our tenants, leaseholders, and service users;
- Economies of scale available that can be obtained by means such as regional and national collaboration;
- The service provider making best use of the resources applied to the service and can deliver continuous service improvement;
- The level of specialist expertise that will be made available for the benefit of our tenants, leaseholders, and service users; and
- The volume and predictability of demand.

The following will be considered essential elements of the competitive process

irrespective of whether indirect or direct:-

- The Procurement Team will be directly involved in the process;
- Consultation with all user representatives in the community, staff and/or their representatives together with appropriate participation in the process;
- Application of the Performance Management Framework;
- Availability of full and detailed cost information;
- Innovation;
- Protection (so far as the law will allow) of social values and Your Homes Newcastle's policy objectives;
- The framework for equalities will be strengthened; and
- probity, accountability, transparency and fair competition;

5. Existing arrangements

5.1 Services

Where services (e.g. HR, financial, technical/design), are provided in house and where services of that type are required for a particular project or purpose, then provided that:

- (a) There is capacity to provide those services in-house;
- (b) There is the capability/competence to provide those services in-house; and
- (c) There is no other project specific reason why those services should be provided externally,

We are committed to providing those services from in-house resources.

5.2 Works

Where there is a requirement for works to be provided, the Senior Quantity Surveyor should be consulted to determine whether it can be undertaken under one of our existing contract arrangements or whether the works need to be procured under an alternative arrangement.

5.3 Subcontracting to In House Services

So far as the law will allow, Your Homes Newcastle is committed to the consideration of the potential for sub-contracting support services to well performing in-house services, for example, in PPP/PFI projects, trusts and partnerships.

5.4 Service Level Agreements

Where services are provided through a Service Level Agreements with Newcastle City Council, and where services of that type are required for a particular project or purpose, then provided that:

- (a) There is capacity to provide those services through the Service Level Agreement;
- (b) The Service Level Agreement performance requirements are being met;
- (c) The method of costing is in accordance with the costing method in the Service Level

Agreement;

- (d) There is the capability/competence to provide those services through the Service Level Agreement; and
- (e) There is no other project specific reason why those services should be provided outside of the Service Level Agreement.

We are committed to providing those services through Service Level Agreements.

Appendix 8 – Procurement Service Review Programme

1. Overview

The Programme is prioritised on the basis of:-

- Delivery Plan priorities;
- Performance indicators;
- Benchmarking through the HouseMark ALMO Performance Improvement Club;
- Budget/Spend analysis; and
- Risk analysis.

The first step in the process is to analyse future service needs and performance. If these are satisfactory, then no further action is taken until the next review. If there are weaknesses, there are three potential outcomes:-

1. Retention of current service provider supported by a Service Improvement Plan;
2. Procurement exercise with a supported in-house option; or
3. Procurement exercise without a supported in-house option.

2. Procurement Service Review Programme - Introduction

The Procurement Strategy will be applied to services by way of a prioritised procurement programme informed by the Delivery Plan planning process, performance indicators, benchmarking, budget/spend and risk analysis. Many of its provisions are essentially the same as those contained in the procurement policies and guidance notes, where this is the case the two sections are appropriately cross-referenced.

There are three steps following adoption of this Strategy:-

Step One – The Procurement Programme

Step Two – The Procurement Analysis

Step Three – Procurement Action

2.1 Step One – The Procurement Programme

The programme will be developed and Services prioritised with reference to the business and financial planning process of the Delivery Plan together with performance, budget/spend and risk analysis. Your Homes Newcastle will prioritise services which:-

- Are priorities identified through the business and financial planning process;
- Consistently exceed budget;
- There are known or foreseeable cost pressures; and
- Under perform as shown by performance indicators (BVPI's etc) or benchmarking against the Housemark ALMO Performance Improvement Club

2.2 Step Two – The Procurement Analysis

The decision on both the source of and delivery of the service will be directly driven by the outcomes required of any service under review. There are three basic strands of analysis:

1. Definition of future service needs
2. Performance, both financial and service delivery
3. The views of service users and staff

A. Definition of future service needs

A 'blank sheet' approach to the services will be applied to fulfil Your Homes Newcastle's objectives and users' needs in the future, before the existing current service and its performance are considered. This will include decisions on both service development and means of delivery

Methodology

All service procurement exercises are to clarify the requirements for the service and the best option or range of options for its delivery.

If the service definition exercise results in a model that does not correspond reasonably closely to any existing service, the process will move more directly to the options appraisal stage of procurement without taking comparative performance into account.

Future service needs will be informed by a full understanding of Your Homes Newcastle's aims and external environment, based on the following strands of analysis:-

- Should Your Homes Newcastle be providing this service?
- What are the current and future needs of local service users?
- What are the views of service users?
- How do other authorities and providers meet those needs?
- What is the purpose of the service?
- How could the service contribute fully Your Homes Newcastle's strategic aims?
- What is the track record of other forms of service provision?
- What would be the added value to equalities, diversity and community wellbeing?
- How does the option improve environmental sustainability?
- Is there capacity and cultural ability to provide an in-house solution?

The Strategy requires an open and challenging approach at this stage to ensure that:-

- Subsequent stages of the procurement process remain stretching and focused on improvement;
- There is a challenge to the organisation's cultural assumptions about competition and service design;
- Account is taken of outcomes which are of genuinely strategic importance to Your Homes Newcastle
- The procurement will be consistent with Your Homes Newcastle's policies and broader aims and objectives; and
- The service definition is not to be prescriptive about how the outcomes will be achieved.

N.B. On defining future service needs including delivery the existing service will be compared to the future needs and when a service does not appear to have the expertise, culture or capacity to:-

- Meet future needs; and
- Be capable of developing a service improvement plan;

Or where either a service improvement plan;

- fails to be implemented; or
- falls short of user expected service delivery; or
- fails to achieve targeted performance indicators

Then a procurement exercise will be undertaken.

B. Performance

Financial Performance

Service areas which:-

- Consistently exceed budgetary targets; or
- Are subject to known or foreseeable cost pressures will be subjected to a risk analysis and Your Homes Newcastle will explore the transfer or mitigation of the associated risk, through a procurement exercise to ensure proper and targeted use of Your Homes Newcastle resources.

One of the primary recommendations of the Newcastle City Council CPA Corporate Assessment Report is: "Improve value for money and increase the focus of resources on City Council priorities by tackling areas of inefficiency, using procurement where appropriate."

Risk assessment will consider both the overall materiality of the service as well as the scale of its internal financial performance.

Service Delivery Performance

BVPs, CPA targets, LPSA targets, local indicators (including public satisfaction surveys) and benchmark reports shall be applied to enable an objective view of service performance from several perspectives. It may be necessary to adopt a more proactive and concerted effort to develop local indicators where national measures do not exist or are inadequate or inappropriate.

N.B. Any service showing historic or consistent poor performance without any cultural capacity for change will undergo a procurement exercise without any option appraisal.

C. The views of service users and staff

The views of user/community representatives and staff (including their representatives) are a valuable aspect of options appraisal and procurement processes. Consultation shall focus on:

- The current service and possible improvements;
- Possible options and their implications;
- Market analysis information; and
- Possibilities for any 'deconstruction' of the service or market-making proposals.

2.3 Step Three - Procurement Action

This section sets out the action following a Procurement Analysis.

Where analysis determines that the current service provision meets performance standards and service needs with provisions for improvement no further action will be taken until the next review of the service.

Where analysis reveals any performance or service delivery weaknesses or lack of provision for improvement action will be taken. The action falls into three categories:-

- Retention of current service provider supported by a Service Improvement Plan ("SIP")
- Procurement exercise with a supported in-house option/bid
- Procurement exercise without a supported in-house option/bid

A. Retention of the current provider supported by a SIP

Where the analysis reveals non substantive weaknesses but there is a culture and capacity for change and improvement capable of delivery of the future service needs then the current service will be retained.

Retention of the current service provider requires the preparation, with the support of Your Homes Newcastle and within an agreed time scale, of a three-year SIP. The SIP will require the approval of Finance and Resources Committee.

The SIPs will specify the action required over a 3-year period to implement improvements, address any current weaknesses and increase the performance of the service. The Plan should include a timetable for each component of the plan, officer responsibility, resources required and any financial savings.

Action required:

- Preparation of a three-year SIP;
- Consultation with the Assistant Chief Executive and Director of Business and Programme Board; and
- Approval of the SIP by Finance and Resources Committee

B. Procurement exercise with a supported in-house option/bid

Where analysis reveals:-

- There are significant performance or delivery weaknesses but there is clear evidence of a culture for change and improvement; or
- The future service needs are different from the current service but again there is clear evidence of a culture for change and improvement

An Option Appraisal will be undertaken followed by a procurement exercise. If analysis of the Option Appraisal provides an indication that an in-house option is viable then the procurement exercise will include a supported in-house bid.

Action required:

- Assess definition of the service, financial and service delivery performance and views of users and staff;
- Commence the options appraisal process;
- Analysis of the option appraisal; and
- Approval of the inclusion of an in-house bid as part of the procurement exercise by Finance and Resources Committee.

C. Procurement exercise no in-house option/bid

No existing in-house service provider will be supported in any bid process in a procurement exercise by Your Homes Newcastle if:-

- The service does not substantively meet performance standards or service needs
- On defining future service needs the service provider does not have the expertise, culture or capacity to meet the future needs or
- It does not have the expertise, culture or capacity capable of developing a SIP or,

- It fails to implement a SIP or,
- It fails, through its own action, to achieve improvement targets and timescales under a SIP or,
- It fails to gain approval of Finance and Resources Committee to inclusion following an Option Appraisal exercise.

Appendix 9 – Corporate Procurement Process

1. Overview

This process sets out all the steps to be undertaken in a procurement from preparing a business case through preparation of procurement documentation, advertisement of procurement, tender process to contract finalisation and contract monitoring.

This process sets out when the “Competitive Dialogue” procedure applies and explains when Framework Arrangements are appropriate. It outlines the process to be followed in relation to an In-House Option including the establishment of Ethics Walls.

It also contains a flowchart outlining the Corporate Contract Management process and a practical guide for officers.

2. Introduction to the Corporate Procurement Process

This Section of the Corporate Procurement Strategy covers the following:

- The Corporate Procurement Process
- Specialist Procurement
- How to prepare an In House Option / Bid
- Monitoring and Evaluation

There are a number of distinct elements to a procurement process each of which must be planned and managed under the Corporate Procurement Strategy and Your Homes Newcastle’s Financial Regulations:

- Preparation and agreement of the business case for the procurement;
- Risk management plan for the procurement in accordance with Your Homes Newcastle’s Risk Management Framework;
- Preparation of the specification to be provided to the bidders (taking due account of sustainability, equality, health and safety, community safety and all other relevant factors);
- Preparation of procurement documentation including contract including contract award criteria;
- Advertisement of procurement, in OJEU if over the relevant European threshold, or in other publications if not;
- Submission of pre qualification questionnaire (if OJEU procedure) or contractor evaluation questionnaire (non OJEU procedure);
- Short listing of potential bidders by reference to questionnaire responses;
- Issue tender documentation to short listed bidders (including invitation to tender, specification, pricing, proforma and contract);
- Evaluation of bids received (using pre specified evaluation criteria and matrix);
- Clarification of bids received (post tender negotiation not being permitted);
- Selection of winning tender;
- Alcatel letters to all bidders (if OJEU process)
- Contract finalisation – contract awarded and signed (if no challenge received during

Alcatel period);

- Any necessary transition/mobilisation of contract (to be planned in advance);
- Post contract monitoring put in place;
- Evaluation of procurement process and lessons learned.

Note: since the introduction of the Public Contracts Regulations 2006, there has been a new 'Competitive Dialogue' procedure for complex projects such as PFI / PPP's. Legal advice must be sought at the earliest stage of such projects. Following the introduction of this new procedure, access to the Negotiated Procedure (which involves an Invitation to Negotiate and extensive contract negotiation with a preferred bidder) is extremely limited, and this will only be used in exceptional circumstances, in accordance with the Regulations.

3. Principles for implementing sustainable procurement

Contract documentation should be based on the following principles:

- Fitness for purpose and value for money;
- Resource, energy and water efficiency;
- Whole life costs;
- Environmental sustainability;
- Equalities;
- Maximising community benefit through social considerations;
- Health and safety standards;
- Workforce Protection (TUPE/Corporate Employment Policies)
- Clear concise default procedures linked to termination
- Clear payment mechanisms

4. Framework Arrangements

In some circumstances, it is sensible to procure framework arrangements, either with one service provider or a panel of providers, for a particular service, supply or set of works.

These framework arrangements allow Your Homes Newcastle to 'call off' its ongoing requirements for those services, suppliers or works, over a period of up to 4 years.

The (Public Contracts Regulations 2006) now allow us to advertise these Framework Agreements in OJEU. Legal advice should be sought from an early stage. See Appendix 11 for further guidance on Framework Agreements.

YHN currently operates a number of Framework Contracts with external suppliers which were established to ensure that additional capacity and expertise can be called upon quickly within the pre-determined terms and conditions of each contract including price and quality. All Frameworks have been subject to competition hence ensuring value for money throughout the life of the Framework.

The most fundamental benefit these arrangements bring is that the YHN does not have to tender/negotiate each time it needs to procure something from the provider involved in the agreement which saves both time and cost at the procurement stage. They also provide

the opportunity for the YHN to develop a working relationship over and above that of the traditional client/contractor.

Where no relevant framework contract exists or in exceptional instances it may be considered more appropriate to procure additional resources by way of an alternative procurement route. In all instances, this should be agreed with the head of the in-house service and the Procurement Manager. Where agreement cannot be reached the matter shall be referred to the Assistant Chief Executive and Director Business for a decision.

5. In House Options and Bids

5.1 Introduction

The inclusion of an in-house bid in a service procurement exercise is dependent on the outcomes of the process set out in Appendices 7 and 8 (Procurement Policy and Procurement Service Review Programme) of this Strategy.

The policy in Appendix 18 deals with the involvement of the staff and their representatives in procurement involving an in-house option.

The objective is to ensure that in-house options and associated relationships are properly developed, managed and evaluated and that resources are used with maximum effect and efficiency.

Where there will be an in-house bid in a procurement process, clear Ethics Walls need to be set up and monitored, for the duration of the procurement process. See Procurement Guidance on Ethics Walls in Appendix 12.

5.2 Preparation of In-House Bids

The involvement of an in-house bid must be justified on competitive market grounds and Your Homes Newcastle maximising value for money from the procurement process. This must be driven by the outcomes of the process set out in Appendices 7 and 8 of this Strategy and the Option Appraisal Process.

To compete the in-house service must:

- Demonstrate the ability to match or exceed the likely financial benefits and service improvements available from the external market, to the satisfaction of the Finance and Resources Committee. This must include an outline of proposed management arrangements both of the procurement process and of the ongoing service;
- Set out a rigorous SIP that will achieve upper quartile performance (or its reasonable equivalent) where national data is not available over the medium term; and
- Demonstrate measurable change following implementation of the SIP.

An outline proposal with these features, once accepted by Management Team, will result in a Finance and Resource Committee Report recommending that a full “bid” be prepared for evaluation.

All In-house bids will be led by a Project Manager with a specific bid team which will include a consultative role for staff and their representatives in accordance with the policy set out in Appendix 18.

5.3 Content of an In-House Bid

In-House bids must be good quality and comprehensive. The submission must address all the requirements of the Invitation to Tender.

5.4 Informing bidders of In-House Bid

The In-house bid, if it has been short listed, will be submitted as a “response” to the Invitation to Tender issued for the service, which will also state that an In-house bid is being submitted. The number of bids required for comparison at this stage is governed by procurement law and Financial Regulations of Your Homes Newcastle and it is recommended that there should be at least three in all cases.

5.5 Evaluation stage where In-House Bid involved

All bids will be evaluated using the same process and criteria, including clarification meetings and presentations.

If the conclusion of the evaluation is that the in-house bid provides the best option for achievement of Your Homes Newcastle’s objectives for the procurement in accordance with the evaluation criteria, it will be the preferred bidder and enter the final negotiation stage of the process.

5.6 Approval Process

As there is no direct contract with the In-house Service, the “contract” will be based on preparing a detailed, rigorous and time limited SIP. Unlike a contract, which requires Board approval, the SIP will be presented to Finance and Resource Committee for approval.

5.7 The Relationship with External Bidders/Partners where an In House Bid will be submitted

There will be no formal relationship between the in-house bid team and external bidders.

The involvement of staff representatives in formulating the in-house bid as well as in their contact with external bidders or partners will be governed by the Protocol for Staff Involvement.

External organisations must be reassured as far as possible that the procurement continues to be conducted fairly and objectively. Guidance on Ethics Walls can be found at Appendix 12.

The in-house bid must be submitted simultaneously with external bids. No member of the in-house bid team will have access to any draft proposals that the bidders wish to discuss with Your Homes Newcastle. This will be communicated to all potential bidders. The in-house bid will be scrutinised to ensure that no material proposal is based on information not made available to external bidders.

5.8 Resource implications of In-House Bid development and preparation

As part of the in house bid option appraisal, resources and implications in the service budget will be assessed and appropriate allowances made. As in any organisation if the bid costs rise to an extent that the bid no longer represents a value for money option, Your Homes Newcastle through the Finance and Resource Committee will decide whether or not to allow the in-house bid to proceed.

5.9 Information provision

Information will be made equally available to all bidders, internal or external.

6. Service Level Agreements

6.1 Introduction

Your Homes Newcastle has a number of Service Level Agreements with Newcastle City Council. Services range from finance to grounds maintenance. Your Homes Newcastle is committed to reviewing all Service Level Agreements.

6.2 Service Reviews

The Your Homes Newcastle Service Level Agreement Lead Officer shall lead the review, which shall be co-ordinated by the Business Strategy Manager. The review should follow the Your Homes Newcastle Service Level Agreement review template. Guidance can be provided by the Director of Finance and Resources.

6.3 Content of a Service Level Agreement Review

The review must be robust and be based on sound and reliable data and adhere to the process detailed in Appendix 8 (Procurement Policy and Procurement Service Review Programme) of this Strategy.

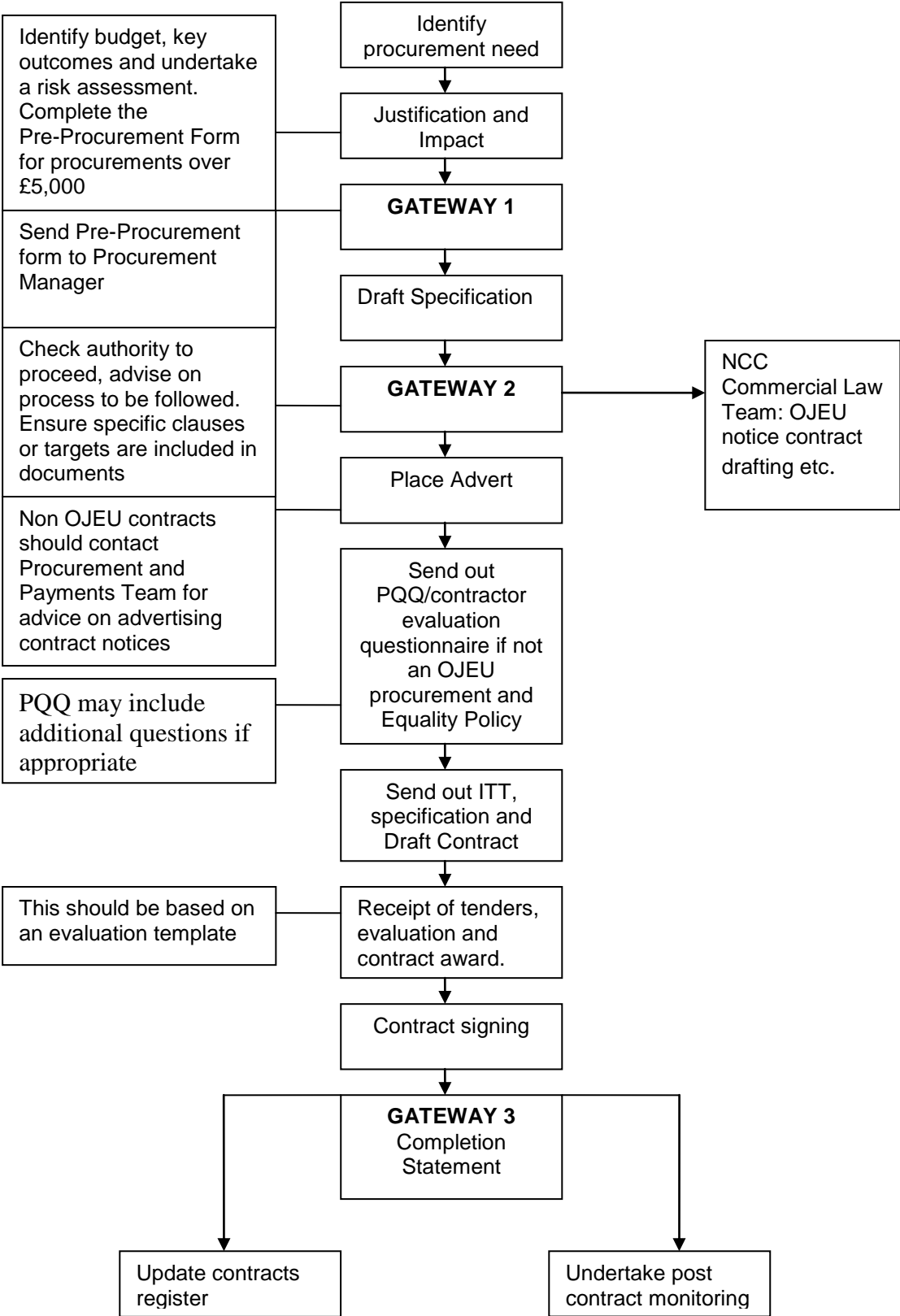
6.4 Notification to Newcastle City Council

The outcome of the review shall be communicated to Newcastle City Council. This is to enable the City Council to assess the budget and service implications of the outcome and take appropriate preparatory actions.

6.5 Approval Process

Finance and Resources Committee approval of the outcomes of Service Level Agreement reviews is required.

Corporate Procurement Process



Corporate Procurement Process – A Practical Guide for Officers

1. Justification and Impact Assessment

Once a procurement need has been identified there needs to be a justification and impact assessment that includes a range of considerations before continuing any further. These are included in a Pre-Procurement Form for Standard Procurements available from the Procurement Manager.

The Form aims to assist staff when they wish to buy supplies, works or services and the arrangements they should consider when embarking on a procurement.

Importantly the Form now includes details of equality and sustainability impact assessments that are required to be undertaken. These should help you to establish whether you need to include specific equality or sustainability clauses or targets in the contract documentation and to what extent they should form part of post contract monitoring.

2. Gateway 1

The Completed Pre-Procurement Form should be sent to the Procurement Manager, who will respond with any comments/advice and assign a Finance Officer to support you in carrying out the procurement if required.

3. Draft Specification

A specification for a contract sets out what Your Homes Newcastle expects from a contract and what the supplier or contractor is required to supply. Specifications are normally drafted by someone with technical understanding of what it is that is being procured.

4. Gateway 2

Gateway 2 is the point at which corporate advice is sought on how to proceed with a procurement and a 'check' is undertaken on any documentation that has been produced. This is undertaken by the Procurement Manager. The extent of the 'check' is dependent on what is being procured, the method by which it is being procured and the detail and preparation undertaken by the service manager responsible for the procurement. In some instances Newcastle City Council Commercial Law will be involved, particularly on larger works or service contracts or where specific equality or sustainability clauses or targets for example need to be included in contract documentation.

For example, a routine stationery order through POPS will require nothing more than authorisation as the companies Your Homes Newcastle deals with have already been through a corporate pre-qualification evaluation. Your Homes Newcastle uses standard terms and conditions so there is little for the officer responsible for the procurement to do other than ensure he orders the correct goods and has a budget to pay for them.

However, a procurement of a consultant to undertake a short research project will require a more detailed check. The officer responsible for this procurement will be

expected to have completed the Pre Procurement Form and have an audit trail in place.

The Gateway will lead to the production of a draft Invitation to Tender and Contract that will be sent out later in the process.

5. Pre Qualification

For non POPS procurements potential contractors or suppliers must go through a pre qualification stage and complete a Pre Qualification Questionnaire (PQQ) for OJEU procurements or a Contractor Evaluation Questionnaire for non OJEU procurements. The PQQ/CEQ ask standard questions which can, if necessary, be supplemented with others if equality or sustainability issues for example are a technical aspect of what is being procured.

Advice on issuing the PQQ/CEQ is available from the Procurement Manager.

6. Invitation to Tender

The Invitation to Tender (ITT) is sent out by the officer undertaking the procurement and outlines a description of what is being procured, a timetable and procedure for it and other details including the evaluation process and criteria.

At the same time a copy of the draft contract and specification should be sent to prospective contractors. Both the ITT and contract should contain any specific clauses and targets that are to be a core requirement of the contract.

7. Evaluation and Award

Evaluated using agreed evaluation criteria takes place following tender return. These criteria should have been developed from the outset of the procurement and agreed by the evaluation team.

The nature of the procurement will determine the complexity of the tender evaluation and so, for example, the evaluation of tenders for a 5 year major housing repairs contract worth £25m is likely to be more complex than the evaluation of tenders for a small research project.

A corporate evaluation template together with advice and guidance on how to undertake an evaluation is available from the Procurement Manager.

8. Gateway 3

Officers are required to submit a Completion Statement (PPR Appendix 6) to the Procurement Manager who will make arrangements for the details to be input to the Corporate Contract Register. The Corporate Procurement Team will check the award documentation, OJEU Notice if applicable and obtain the details of the assigned contract manager.

8. Post Contract Monitoring

Following submission of the Completion Statement details of the contract will be entered

onto the corporate contracts database.

Post contract management will be undertaken by officers within YHN with responsibility for each contract. This will enable Your Homes Newcastle to better understand procurement spend, identify opportunities for aggregation and framework agreements for example and proactively manage arrangements for letting future contracts, as well as monitor key targets or issues during the term of the contract.

Corporate contract management is supplementary to existing local arrangements around the management of contract performance for example and is not in any way a substitute for them.

Appendix 10 – Options Appraisal Toolkit

1. Overview

Options Appraisal is the stage of the procurement process that requires the most detailed work and innovative thought about the provision of the service.

This Options Appraisal Toolkit helps to inform this process by providing guidance on market research and how to identify potential options. It then sets out the methodology for appraising the different options in order to make a recommendation.

2. Options Appraisal – Researching the Market

Having defined the service to be procured Your Homes Newcastle will look more carefully at what is available in the market. It may already have an idea of the sort of services that will deliver what is needed, but it needs to keep an open mind, as the specification may well change in the light of market analysis – particularly where the service is complex. This process may need to go through a number of iterations, as outputs are redefined to ensure the best fit between Your Homes Newcastle’s procurement goals and the possible ways of achieving them.

2.1 Market Research Methods

- Desk research, including trade publications and the internet;
- Market soundings following advertisement in trade publications or other contact with the market (letters or questionnaires);
- A Prior Information Notice published in OJEU;
- Consultation with other ALMOs, social housing providers, Local Authorities and Government Departments;
- HouseMark including the benchmark service and discussion forums;
- Focus group/workshop discussions with interested providers;
- Briefing day/market awareness event;
- Meetings with representatives of professional and/or trade associations;
- Research using Government supply frameworks e.g. OGC’s “Catalyst”.

Care must be taken when carrying out any “soft market testing” or discussions with the market, about a potential service requirement/procurement. Guidance can be found at Appendix 14.

2.2 Scope of market research

Market research is used to develop an understanding of:

- The current market for the provision of services;
- Anticipated future changes as a result of legislation, user demands and/or best practice;
- The organisation of the sector and the key providers;
- The key developments and trends in the sector;

- The pattern of mergers and take-overs;
- whether the market or sector can contribute added value to the defined service; and
- whether the market or sector is likely to be interested in providing the service.

2.3 Recording discussions

All discussions with potential providers are to be summarised and recorded as part of an audit trail. Contact with potential providers should be formal. Guidance can be found at Appendix 14.

2.4 Responsibility for market research

Market research should be carried out by Your Homes Newcastle officers, if necessary supplemented by specialist external advice, in order to build technical capacity and to control the process.

2.5 Action if limited response from other providers

2.5.1 Lack of Interest

If no substantive interest is expressed or if there is an absence of a market for all, or part of the defined service, consideration will be given to the possibility of “deconstructing” the totality of the service to assess the extent to which a market exists for some elements of the service.

An appraisal will be undertaken on any possible deconstruction with regard to costs, service integration and corporate policies. This will also include an appropriate consultation exercise.

2.5.2 Investigating new suppliers

The possibility of encouraging new supplier groups will be considered. This could include working with other partners, whether as partners in joint procurements or as direct suppliers. Potential partners may also include organisations that do not see themselves as operating in a market at all, such as voluntary or community groups. The cost, including officer time, should be taken into account in determining the extent to which this option is progressed.

Encouraging new supplier groups will be co-ordinated with economic development initiatives supporting the formation and growth of Small and Medium Enterprises (SMEs).

2.6 Guidelines for officers in investigating markets

The Market Testing Guidance (Appendix 14) contains guidance and obligations to ensure officers act with the utmost probity in researching and consulting with markets and in the options appraisal and procurement processes.

3. Identifying Potential Options

The following are possible outcomes of a market research:

- In-house provision;
- A mixed market;
- Partnership – a public sector partnership or a public-private partnership;
- Full outsourcing/ externalisation/privatisation;
- Postponing the decision and undertaking a market test;
- Hybrid combining two or more of the above; and
- Cessation of the service.

The option appraisal output will cover all of the variants that are relevant to the defined service being appraised.

The Options Appraisal Toolkit provides details to be considered on identifying options. The following are some key issues

3.1 In-house provision.

An in-house option can only be considered if it falls within Appendices 6 or 7 of this Strategy.

3.2 Mixed market.

The mixed market option could include the in-house provider provided it falls within Appendices 6 or 7 of this Strategy.

3.3 Partnership.

Your Homes Newcastle acknowledges the importance of partnerships in delivering 'Value for Money' – partnership with the private and voluntary sectors, partnership with other public bodies acting locally, and partnership with central government itself.

Partners may include:

- Other ALMOs;
- Local authorities, central government and statutory organisations;
- Social housing providers;
- A registered social landlord;
- A voluntary or community organisation;
- A community development trust or social enterprise;
- A private contractor or developer; and
- A technical or management consultancy.

3.4 Full outsourcing/externalisation/privatisation

The Procurement Policy sets out the possible implications to be considered to

assess the suitability of a clearly-defined and stable service specification for outsourcing:

- The level of financial investment that will be made for the benefit of the people of Newcastle;
- Economies of scale available that can be obtained by means such as regional or other collaboration;
- The service provider is making best use of the resources applied to the service and can deliver continuous service improvement;
- The level of specialist expertise that will be made available for the benefit of the people of Newcastle; and
- The volume and predictability of demand.

3.5 Hybrid combining two or more of the above

There may some circumstances in which a combination of the above options may be the most effective option for a service.

3.6 Cessation of the service

This is only realistic if Your Homes Newcastle does not have a statutory duty to provide the service, if there is little or no demand for the service, if the costs of provision outweigh the overall benefits of provision, and/or there are other comparable externally provided services available at reasonable cost to service users and where this will not undermine Your Homes Newcastle's broader social policy and community well-being objectives.

4. Options Appraisal Process

Options appraisal is the identification and assessment of different methods of delivering or supplying services and/or obtaining new and improved facilities and infrastructure.

No existing service will be considered for an option appraisal if:-

- There is a history of or consistent poor performance without any cultural capacity for change
- Following defining the future service needs the service does not appear to have the expertise, culture or capacity to:-
 - Meet future needs or
 - Me capable of developing a service improvement plan or,
 - A SIP fails to be implemented or
 - Implementation of a SIP fails to achieve expected user service delivery or
 - Implementation of a SIP fails to achieve targeted performance indicators

Options Appraisals must:-

- Make a clear statement setting out the rationale for each options appraisal including the reasons why an appraisal is being carried out;
- Be legitimately triggered by this Strategy and that elected members, officers, users/community organisations and staff/trade unions are aware of this;
- Assess the relevance of the market intelligence with the specific service being appraised, social needs and local circumstances; and
- Contain appropriate consultation with user/community and staff/trade union representatives.

4.1 Options Appraisal Methodology

Options appraisal must be rigorous and systematic and the following steps applied:-

- Agree project group membership and stakeholder involvement;
- Identify the objectives;
- Define future service needs;
- The case for change such as:-
 - Changes in demand and need for the service;
 - Demographic forecasts;
 - New legislative requirements;
 - Current operational problems;
 - Government policy and modernisation agenda;
 - New plans and approaches, tackling inequalities and capital investment;
- Identify the service, social, economic, and environmental impact of each option;
- Market research evidence of the identified options;
- Financial appraisal;
- Identified options comparisons and analysis;
- Sensitivity analysis;
- Risk analysis; and
- Recommendations.

4.2 Options appraisal in PPP/PFI/Major Projects

An Outline Business Case (OBC) is an essential part of the procurement and approval process in PPP/PFI/Major projects. An OBC includes an option appraisal and should be based on examination of a number of investment scenarios ranging from:

- 'Do minimum' (a 'do nothing' option is not realistic);
- Partial or limited infrastructure replacement;
- Full infrastructure replacement; and
- Public Sector Comparator.

4.3 Criteria for Options Appraisal

Advice and support will be provided through the Assistant Chief Executive and Director of Business and the Procurement Team. The following criteria will be used to assess all options:-

Corporate Policy

- Democratic accountability – the extent to which each option increases or reduces direct accountability;
- Corporate policies and priorities;
- Transparency and disclosure;
- Absence of legal and regulatory impediments;
- Corporate impact – organisational financial impact on other departments and services.

Service Needs

- Ability to meet current/future social needs of the service or project and accommodate changing levels of demand;
- Service quality, responsiveness and flexibility to respond to change;
- Capacity for service improvement, learning and innovation;
- Service integration and co-ordination with minimal disruption;
- User involvement in planning, design, implementation and service monitoring;
- Quality management, leadership and ability to secure improved service delivery;
- User/community and staff/trade union views.

Equity, Equalities and Diversity

- Equity of service provision;
- Opportunity for additional equality policies and opportunities;
- Proposals for reducing/eliminating existing inequalities.

Financial Assessment

- Ability to identify, access and deploy resources;
- Financial and revenue implications, the need for investment, VFM in widest sense and lifecycle costs and benefits;
- Access to capital and investment plan;
- Affordability – comparing current costs with all projected costs and cash flow.

Employment and Training

- Ability to recruit/retain skilled staff;
- Local economy and supply chains, local labour where appropriate;
- Quality of employment and training.

Environmental Sustainability

- Environmental impact and sustainability

Management Practice

- Exit strategies and their implications and costs;
- Ability to identify, apportion and manage risk.

Options Appraisal Recommendation

There is no compulsion or statutory requirement to adopt a particular option. The rigour of the appraisal process is very important. Recommendations should follow not only government policies on modernisation and national policies for particular services or sectors but Your Homes Newcastle's policies, service needs, value for money, democratic accountability, equity, user/community and staff/trade union participation and community well-being.

Appendix 11 – Framework Agreement Guidance

1. Overview

This guidance note explains what a Framework Agreement is and how it is used. It provides guidance on the establishment of a Framework Agreement, awarding call offs and the management and monitoring of Framework Agreements.

2. What is a Framework Agreement?

- A Framework Agreement is an agreement with suppliers to establish the terms of contracts to be awarded during a given period, particularly with regard to price and quality. It sets out the terms and conditions for specific purchases or call offs to be made during the period. The new Procurement Directive describes it as follows: “A framework agreement is an agreement...the purpose of which is to establish the terms governing contracts to be awarded during a given period, **in particular with regard to price** and, where appropriate, the quantity envisaged” (Article 1(5));
- Framework Agreements can be used for works, supplies or services;
- Under the new Procurement Directive (implemented in the UK in 2006) they are limited to four years;
- A Framework Agreement may be established whether EU procurement rules apply or not. While Framework Agreements set out the terms and conditions on which a call off will be based they do not oblige Your Homes Newcastle to procure anything (NB as long as they say this expressly and are not exclusive in scope);
- The benefit this brings is that a Framework Agreement provides Your Homes Newcastle with immediate access to a supplier with terms and conditions already agreed i.e. Your Homes Newcastle does not have to tender/negotiate these each time it needs to procure something from the supplier involved in the agreement. It can use an alternative supplier where it is felt best value can be provided (as long as the arrangement is not exclusive/this right is reserved – see above).

3. Establishing a Framework Agreement

- First of all, a decision must be reached to determine whether a Framework Agreement is the right procurement option for the goods, works or services concerned. This decision can only be reached by undertaking an options appraisal exercise as outlined in Appendix 10;
- The decision should be based on the needs of Your Homes Newcastle and the types of purchases it is likely to require. The goods, works or services included should be able to be extended or upgraded at any time provided they do not exceed the scope on which the Agreement was advertised/based;
- If, over its lifetime, the estimated value of the Framework Agreement is likely to exceed relevant EU thresholds it will need to be advertised in the Official Journal of the European Union (OJEU). If the Agreement is not advertised in OJEU, individual call offs may require an OJEU notice where thresholds for those purchases would be exceeded. This will depend on the size of the call off, and aggregation of call offs is taken into account. Legal advice should be sought and Your Homes Newcastle’s Financial Regulations should always be checked;
- In terms of financial value, the majority of frameworks over a four year period would be

likely to exceed the EU thresholds and, unless there is an exception, Your Homes Newcastle policy is that Framework Agreements should be advertised in OJEU from the outset;

- Framework Agreements are not necessarily limited to Your Homes Newcastle as an individual organisation. Where Your Homes Newcastle is involved in a collaboration or joint arrangement with another authority and is acting as a central buyer or procurer, then Framework Agreements can be established on behalf of Your Homes Newcastle and others;
- Any OJEU notice must include the following:
 - Clarity that a Framework Agreement is being awarded;
 - Details of the contracting authority or authorities involved. With regard to Your Homes Newcastle, this may be limited to a particular service or directorate;
 - The length of the Agreement- up to a maximum of four years (under the new rules); and
 - The estimated maximum quantity of goods, works or services to be called off. Advice should be sought from the Procurement Team in The NCC Commercial Law Team, when preparing an OJEU notice.
- Framework Agreements are not necessarily limited to a single supplier as they can be established with several suppliers for the same goods, works or services. Where the agreement is not with an individual operator, the directive states there must be a minimum of three, provided there are sufficient numbers to satisfy the selection criteria and/or admissible tenders which meet the award criteria;
- While Framework Agreements cannot exceed four years (under the new rules) there is no requirement for a particular type of agreement to be limited to a particular period of time i.e. an Agreement could be for two years for example. It is also possible that they can include options for extension i.e. two years with an option to extend for a further year, as long as the four year limit is not exceeded; and
- Individual call offs can exceed the four year period but only where this can be justified. Your Homes Newcastle policy is that within the **last three months** of a Framework Agreement there should be no exceptional one-off call offs that will push an Agreement substantially over the four year period. Should there be a need for such a call off legal advice should be sought.

4. Awarding Call Offs

- When awarding call off contracts under Framework Agreements full EU procurement procedures are not required, provided proper procedures were applied when setting up the Agreement in the first place. Your Homes Newcastle policy is that any call off contract should demonstrate value for money and should in no circumstances be anti-competitive. When awarding a call off contract, the procurer should at all times take the necessary precautions to ensure that the supplier meets Your Homes Newcastle's requirements and policies outlined at the time the Agreement was established;
- Where a Framework Agreement has been established with a single supplier, call offs are undertaken under the terms of the agreement;
- Where a Framework Agreement has been established with several suppliers for the same goods, works or services Your Homes Newcastle policy (see below) is that there are two options for call offs:

- Call Off under the terms of the Agreement

As with a single supplier, a call off could be made under the terms of the Agreement to the supplier who is able to offer value for money. Determination of value for money must be based on criteria set when the Agreement was established.

- Call off under mini-competition (see below)

Your Homes Newcastle policy stipulates that at all times where all suppliers included within the Agreement are capable of meeting Your Homes Newcastle's needs, a mini competition should be held by way of a confidential written tender. The call off should be awarded to the supplier offering the best value for money based on the criteria set when the Agreement was established.

Article 32(4) of the new Directive specifically provides that where there are several suppliers who are party to the agreement, contracts may be awarded either:

- By strict application of the terms laid down in the framework agreement (i.e. without reopening competition); or
 - Where all of the precise terms are not laid down in the framework, by competition between the original parties on the basis of more specific (but not different) terms, or on the basis of terms referred to in the original specifications.
- Where there is to be a mini competition between the original parties, the following procedures must be used:
 - For every contract to be awarded, the Your Homes Newcastle must contact in writing all of the parties to the agreement who are capable of performing the particular contract;
 - Sufficient time limits must be allowed for the submission of tenders (taking into account such matters as the complexity of the contract);
 - All tenders must be in writing, and the content must remain confidential until the stated time limit for reply; and
 - The contract must be awarded on the basis of the award criteria set out in the original specifications to the framework agreement, so for example, if inclusion in the framework was stated to be on the basis of most economically advantageous tender, it is not permissible to then assess actual bids on the basis of lowest price alone.

4. Managing and Monitoring Framework Agreements

- It is important that Framework Agreements are properly managed and monitored. Governance arrangements need to be put in place to ensure the management and monitoring of:

- Performance;
 - Compliance with contract specification;
 - Cost;
 - User satisfaction; and
 - Risk.
- Where appropriate, monitoring should include the benchmarking of contractor/partner performance against both the performance of the internal provider and against each other where there is more than one provider. This should be used to inform the management of the Framework Agreement and help advise any decision taken on the future of a service subsequent to the Agreement.
 - Contractor/partner satisfaction should also be regularly monitored and assessed.
 - Monitoring information will be required to be reported to the Procurement Team on a regular basis as directed.

Appendix 12 – Establishing Ethics Walls

1. Overview

If a procurement exercise involves a bid from an internal part of Your Homes Newcastle (in competition with external bidders), ethics walls need to be considered and set up at an early stage of planning. This guidance note explains why ethics walls are necessary and how they should be established and documented.

2. Your Homes Newcastle Projects

Where an Your Homes Newcastle project of whatever type (works, services or supplies) involves a bid from an internal part of the Your Homes Newcastle, in competition with external bidders, ethics walls (sometimes called “chinese walls”) need to be considered and set up at an early stage of the planning for the project.

3. What is an Ethics Wall?

An ethics wall simply means that you ensure that the bidding part of the organisation is separate from, and communicates formally with, the client part of the organisation - so that the lines between them are clearly drawn.

4. Why is this necessary?

The Public Contracts Regulations (which govern large procurements advertised throughout Europe in OJEU) say expressly that contracting authorities like Your Homes Newcastle have to treat any in-house bid in exactly the same way as an external bid. This is to ensure the fairness and openness of the procedure. If the in-house bid team had an unfair advantage by talking much more freely to the client team than the other bidders, the procurement could be adversely affected and Your Homes Newcastle could be open to legal challenge. This could be a major risk to the procurement and ethics walls therefore need to be taken seriously by all concerned – both in terms of the need to have such a division in place, and how it operates in practice. Even where procurements are not governed by the Regulations, ethics walls are good practice and should be set up where appropriate.

5. When should this be considered on a project?

At the earliest stages of planning the project, the timetable and the personnel involved. At this stage, the bid team can discuss with the client team how the two parts of the organisation will work during the project, before any key information is exchanged that might make the process unfair to other bidders.

6. What sort of thing should be considered?

- (a) Who will be on the client team? In other words, who manages the procurement, who sets the evaluation criteria, evaluates the bids and makes the decisions?
- (b) Who will be on the in-house bidding team?
- (c) In particular, who on the client team will prepare the technical specification setting out what bidders have to submit in their tenders? This is a key element of the project,

where information should not be released to the in-house bidding team ahead of it going to other bidders. The people preparing or advising on the detail of the specification should not be the people writing the bid – there needs to be very clear separation on this.

- (d) Who on the client side (i.e. YHN corporately) is going to advise on related matters – e.g. environmental, health and safety, equalities? Those personnel should not then also advise the in-house bid team, so the ethics wall has to run right through the organisation.
- (e) Who on the client side will provide legal and financial advice – will this come from within Your Homes Newcastle, or from external advisers? If the in-house team also needs input on these matters, where should it get this from?
- (f) If the in-house bid has to be signed off corporately at a high level, this should be done by a Director or other senior officer who is not involved in the client-side bid evaluation/contract award process.
- (g) Escalation – if any issues arise between the bidding team and the client team, how will these be escalated and resolved, to maintain the fairness of the process?

7. Writing it Down

- (a) Once the ethics wall arrangements have been agreed at the early stages of the project, these should be documented in diagram form (or whatever is most appropriate), making clear which individuals are in which teams. This should be kept up to date throughout the project. This document will form the basis of the audit trail, if there is any challenge to the procurement from an aggrieved bidder who feels that the in-house team has received preferential treatment.
- (b) The arrangements need to be made clear in writing to all who are involved on either side of the ethics wall, so there can be no misunderstandings. In particular, if there are any other people who may review the bids (e.g. the staff side, external consultants) these ethics walls arrangements must also be made clear to those individuals.

8. Giving Information to the In-House Team

Once the ethics wall is in place, then from that stage in the project the in-house team should be treated exactly like the other bidders, i.e.

- It does not get any information ahead of the other bidders;
- It does not get any more information than the other bidders get.

In particular, care needs to be taken with “corridor chat” – this is a formal bidding process and should be approached with care. It helps if all communication with all the bidders is run through a central point, to control and document the flow of information – again this help with the audit trail in case of challenge.

9. Escalation of Issues

If any difficult issues arise in connection with the ethics wall (for instance an argument about who is involved on which side, or who gets what information), and these can't be easily resolved, these should be escalated in accordance with the process that is agreed at the start of the project (see 6 above).

Appendix 13 – Setting Evaluation Criteria

1. Overview

This guidance note assists in setting the evaluation criteria to be used in assessing bids. It gives examples of criteria and explains the use of evaluation matrix and clarification questions.

2. Evaluation Criteria

The evaluation criteria are the factors that you specify in advance, against which you will formally assess the bids you receive.

They are set out in the Invitation to Tender documentation (or Invitation to Negotiate in limited negotiation procedures).

The purpose of setting the criteria out in advance is:-

- To make clear to bidders what you will be judging them on, so they can tailor their bids to meet your needs; and
- To ensure a clear and auditable evaluation methodology in case of any future challenge to the procedure.

3. Legal Regulation

Where your procurement is over the threshold for being advertised in OJEU, the Public Contracts Regulations contain some provisions that regulate your criteria and advice should be sought from Newcastle City Council's Commercial Law Team to check that the Regulations have been complied with.

Where you are not carrying out an OJEU procedure, but simply tendering under Your Homes Newcastle's Financial Regulations, the evaluation criteria should still be clearly set out in the tender documentation.

4. Agreeing the Criteria in Advance

Thought should be given to agreeing the criteria at the very earliest stages of scoping the project, to ensure they are effective and reflect all the fundamental requirements of Your Homes Newcastle for the procurement. If they are rushed at the last minute, or not well thought out, this could:-

- Adversely affect the quality of the bids that you get back; and
- Adversely affect YHN's ability to choose between bidders on a sound basis.

It may well be unlawful to pick criteria that can only be met by one or two of the bidders – the criteria must be fair i.e. as objective as possible.

5. Disclosure of Weightings

The Public Contracts Regulations require that the weightings of the criteria are disclosed to bidders in the ITT – so they know what is important to Your Homes Newcastle. Where there are sub-criteria, the weightings for these should also be given to the bidders. This is also good practice in non-OJEU procedures.

6. The Nature of the Criteria

The evaluation criteria themselves should clearly relate to the subject matter of the contract itself. So:-

- Factors that are clearly unrelated to the project should not be included;
- Social policy-type criteria (equalities, local working, SMEs) can be difficult legally – seek advice from Newcastle City Council’s Commercial Law Team about the extent to which these can be taken into account, well in advance of agreeing the criteria list;
- Criteria that would directly or indirectly discriminate against a non-local or non-UK bidder are again difficult legally (whatever the size of the procurement) and may leave Your Homes Newcastle open to challenge – advice should be sought from Newcastle City Council’s Commercial Law Team. In particular, wherever possible refer to European or International standards, not British ones;
- In an OJEU restricted procedure procurement, the bidders have already been pre-selected to receive the ITT by completing a pre-qualification questionnaire, which looks at contractor selection (or short listing) factors. These contractor factors should not generally be revisited at the evaluation stage. (For instance, criteria like “financial stability”, “size of organisation”, “qualifications of key personnel” or “technical capacity” should not be on the list of evaluation criteria in an OJEU procurement, as these have been checked prior to short listing at the pre-qualification stage).

The items that are listed should be real criteria, not just a list of tender return items – these would tell the contractor nothing more what he must send you in terms of bits of paper. For instance, use words like “quality”, “deliverability”, “appropriateness”, and “suitability”. By way of example, “proposals for environmental monitoring” simply says what the tender return requirement is – the award criterion could be expressed as “quality and acceptability to Your Homes Newcastle of the bidder’s environmental proposals”.

When drawing up the criteria, careful thought needs to be given as to:-

- Whether they really reflect all the requirements for the procurement (including things like environmental matters, community interface etc);
- How the criteria will operate to allow YHN (acting fairly and transparently) to select the best contractor for the job.

For instance, having “50% price/50% quality”:

- Tells the contractor nothing about what we are looking for in terms of quality;
- Probably isn’t specific enough about price either; and
- Limits the flexibility for YHN to probe and select on the basis of what it really needs.

If you are asking for a long list of information, make sure your evaluation criteria can be linked to the information you are asking for. In other words which particular information do you review, to do your scoring on each separate criterion? Do your criteria cover everything you have asked for? Is there some tender information that doesn't fit within one of your criteria?

7. Examples of Criteria on Quality

The basic principle is that the criteria must be transparent i.e. they must be capable of being clearly understood by the bidders – so they know what YHN wants and what they need to be able to show to win the tender. Criteria that can be used to reflect the quality requirements include:-

- Fitness for purpose;
- Compliance with specification;
- Functional characteristics;
- Aesthetic appeal;
- Availability of spares;
- Technical merit;
- Quality of proposals for ongoing maintenance;
- Quality and suitability of environmental proposals;
- Sustainability;
- Period for completion;
- Acceptability of bidder's methodology for service provision;
- Understanding of equalities requirements and acceptability of equalities proposals;
- Acceptance of legal contract terms;
- Integration of health and safety requirements;
- Deliverability of proposals; and
- Dates for delivery.

This is not an exhaustive list – other criteria can be used as long as they are economic in nature and relate to the subject matter of what you are procuring.

8. Examples of Price Criteria

On the financial side, criteria can include:-

- Price [if it is a simple pricing task for the bidders];
- Whole life costs [a better means of looking at long term costs];
- Value for money;
- Mobilisation costs;
- Take-on costs;
- Cost effectiveness; and
- Pricing of spares.

9. More Strategic Criteria

If this is a key procurement for Your Homes Newcastle in terms of capital costs,

strategic importance, or reputational damage - if it goes wrong, etc - thought should be given to assessing how to evaluate the importance of these factors. For instance, think about criteria that reflect these requirements, such as:

- Demonstration of commitment to Your Homes Newcastle's key targets and deliverables for the project;
- Understanding of Your Homes Newcastle's strategic drivers and requirements;
- Appreciation of and proposals for managing, key project risks.

You should always bear in mind, however, that any evaluation criteria have to be relevant to the subject matter of the contract and must have regard to the nature, quantity and purpose of the contract.

For instance, it is not necessarily relevant to a contract for delivering a transport system to include an evaluation criterion of tenderer's proposals to comply with fair trade requirements whereas it may be relevant to ask for tenderer's proposals as to how they intend the transport system to comply with certain sustainability requirements (such as the requirement to provide electric buses, for example) where these needs are set out within the specification.

You will have to think about what information you need back from bidders, to enable you to assess them under these criteria, including what hard evidence you would need to satisfy yourself;

Criteria like these can be unclear and harder for bidders to understand, so you need to make sure that you explain clearly in your ITT what is required and what we are looking for in their responses. It also needs to be agreed in advance in the evaluation team what you are looking for in the bid responses, to enable you to score the responses properly;

It is also possible that such criteria, which are relatively subjective in nature, could be open to misinterpretation or abuse – if you are proposing to use criteria like this, advice should always be sought from Newcastle City Council's Commercial Law Team, and care should be taken to ensure that the criteria are applied as objectively and transparently as possible; and

Decisions should be clearly documented on the final evaluation report.

10. Changing the Criteria

Once the criteria (or weightings) have been specified to bidders in the tender documentation, they cannot be changed after the bids have been received. If, for a project specific reason, you need to amend the criteria or weightings after issue of the tender documentation, but before bids are due back then:-

- This must be for an objective reason, and not one that will influence the choice of contractor;
- The amended criteria/weightings should be sent asap, to all the bidders at the same time; and
- If there is insufficient time before the bid return date for the bidders to adjust their

tenders to reflect the new criteria, the tender return date must be put back by an appropriate period, to allow this.

11. Evaluation Matrix

To help with the actual evaluation of bids by the evaluation team, the evaluation criteria should be listed in an evaluation matrix sheet, with relevant weightings, that is filled in by the team at the time of bid review – this will help to provide a clear audit trail.

12. Clarification Questions

Think in advance whether you are going to ask bidders questions on their tenders (this is appropriate if areas of their tenders need clarifying). This is not an opportunity to allow some bidders to improve their tenders, as post-tender negotiation is not allowed, so care is needed here. Think about how you will take responses to clarification questions into account in your scoring.

13. Interviewing Bidders

Do you want to be able to interview bidders, after reviewing their bids? This can again be useful if there are areas of the tenders that need clarifying. You can evaluate interviews in two ways:-

- (a) Use the interview to adjust the interim scoring done prior to interview (and document your adjustments and the reasons for them) – if you use this method, you are basically reviewing the scores on the same criteria. Care needs to be taken that you are not just marking the bidder's presentation style; or
- (b) Keep back a percentage of the scores (e.g. from the overall total for quality matters) and then award them after the interview. This is more unusual (and has to be handled very carefully), but the advantage of doing this is that you can have a separate, clearly stated set of criteria for this interview stage.

Whichever way you do it, it needs to be very clear in the tender documentation, to both the bidders and the evaluation team, how you are managing and scoring this part of the process. In either case, take advice from Newcastle City Council's Commercial Law team.

14. In-house bids

If you are undertaking a procurement that includes an in-house bid from any part of YHN, extra care is necessary when drawing up your evaluation criteria. The Public Contracts Regulations expressly require YHN to treat its in-house bids on the same basis as its external bids, and the same should apply to non-OJEU procurements. The audit trail becomes particularly important here. Where the procurement may involve a potential TUPE transfer if an external bidder is successful, then particular concerns apply and advice must always be sought in good time from the NCC Commercial Law Team.

15. Audit Trail

The audit trail is vital in all procurements, whatever their size or purpose. As well as clear criteria, the audit trail should include details of:-

- The evaluation team;
- The evaluation methodology;
- An evaluation report that records decisions and the reasons for them, in case of challenge.

Appendix 14 – Soft Market Testing

1. What is a Soft Market Test?

In helping to define the future of a service and in identifying and considering the options available, consideration should be given to soft market testing with service providers active in the market place.

It is the process of seeking the input from the market as to what might be the most attractive way of scoping and packaging a service. It is undertaken early in the development stage of a proposal and prior to determining a procurement opportunity.

Soft market testing provides the opportunity of gaining an understanding as to how service providers in the market might approach the delivery of a service, and how they might address particular local circumstances of key issues that are likely to impact on the delivery of the service in future. Importantly, it helps give an early insight into the likely level of interest there is from the market in delivering a service.

The information sought from the market will be dependent on the service under review and the extent of market information already known. The information sought can include: scope of service, level of interest, costs, affordability issues, payment mechanisms, risk, potential contractual arrangements and issues relating to timing.

A soft market test is not a substitute for an options appraisal and in itself cannot be used to conclude that current in house arrangements provide best value (unless there is a documented audit trail and evidence base and this is agreed corporately).

Market consultations can be a problematic issue in procurement/legal terms. Purchasers often wish to consult the market, including potential providers, before establishing specifications or procedures for a particular contract. This gives rise to the danger that the specification or project will be so structured as to improve the chances of a particular provider of winning the contract (as well as that provider getting more notice of the detail of the procurement than his competitors). This might infringe the general EU principle of fair treatment and equality of providers. The general legal view is that market consultations are permitted, provided that this does not have the effect of precluding or distorting competition. Advice can therefore be sought and accepted from the market, as long as care is taken (and this is documented) to ensure particular contractors are not advantaged or disadvantaged and that full competition is maintained throughout.

2. Undertaking a Soft Market Test

Undertaking a soft market test and engaging the market in a way that is meaningful and productive involves a great deal of preparation. It should involve the preparation of a pack of information that provides information for the market on Your Homes Newcastle, the service under review, the basic proposals and the scope of the scheme. The pack should outline what it is that is being sought from the market and how the market should respond.

Some responses from the market may prove helpful while others may prove to be nothing more than a sales pitch. Depending on the responses, some objective

pre-evaluation may be needed to cut down the number of respondents to a number that enables a more practical way of working.

It is important to note that soft market testing is not formally part of a procurement process and terms such as 'bidders' and 'expressions of interest' should be avoided. It should also be noted that a soft market test does not include or preclude any organisation from participating in any subsequent procurement that may follow.

While a soft market test should be carried out early in the development of proposals, it should not be undertaken too early and leave Your Homes Newcastle at risk of appearing uncertain and vague as to what it wants. Timing of the soft market test is very important.

Before undertaking a soft market test legal advice should be sought in order to ensure that any future potential tenderers are not given a head start over others and to prevent the potential for discrimination of any kind.

3. How to engage the Market

There is a range of ways that the market can be engaged and, again, it depends on the service under review and the extent of market information already known. Ways of engaging the market include:

- Notices in trade magazines;
- Open days or conferences;
- Telephone surveys;
- Questionnaires; and
- One to one interviews/meetings.

Can Your Homes Newcastle simply approach named contractors? Probably yes, but it is preferable to have some kind of advertisement/open process, so contractors get the opportunity to participate if they want to.

Consultation with contractors can be undertaken on a one-to-one basis, as long as care is taken to ensure that the process is fair and auditable. A written questionnaire and/or open event make it easier to demonstrate that a clear and fair process has been followed.

There can then be individual follow-up with some or all contractors, following the open event/receipt of completed questionnaires, but care is needed here to ensure that a level playing field is maintained in any future procurement

4. Key Principles

In undertaking a soft market test there are a number of key principles that should be followed:

- Take legal and other professional advice before commencing;
- Prepare thoroughly before commencing;
- Be clear as to what it is that is sought from the exercise;

- Do not waste time dealing with sales pitches or dealing with parts of the market that do not help the process;
- Do not discriminate or give an part of the market commercial advantage over any other; and
- Do not use inappropriate language such as 'bidder' and 'expressions of interest';
- Ensure there is an audit trail and document everything.

It is therefore important that: -

- All firms taking part in any written questionnaire process and/or open event get the same notice and the same information;
- That all information given out, sent, discussed etc is thoroughly documented to enable an audit trail in the event of potential challenge; and
- The information given out/discussed at the open event (e.g. copies of presentations, answers to questions from the floor), and in any follow-up, is identified and packaged, so that it can be given to parties who cannot attend but may still want to know what is happening. It should also therefore be covered in the brief to be issued when potential bidders respond to the actual procurement notice in due course.

5. Confidential Information

As a separate point, care must be taken if disclosing/handing over any confidential or sensitive information about the relevant business or operation. The level of information that we are prepared to disclose needs to be discussed and agreed in advance, to ensure (a) that we are not giving ourselves any problems over sensitive information that ought not to be revealed outside Your Homes Newcastle and also (b) that we are not inadvertently advantaging the recipients, in any later competitive process.

Appendix 15 – E-Procurement Policy

1. Overview

This policy sets out our commitment to e-procurement. It provides details of our Purchase Order Processing System (POPS), internal market place, e-tendering, e-ordering, purchase cards and e-auctions.

2. Policy

Your Homes Newcastle is committed to doing its business electronically, particularly to modernise and improve the service it provides. We are committed to making the best use of information and communications technology as part of our procurement processes in order to improve the efficiency and effectiveness of our activities. This commitment is outlined in our e-Procurement policy covering the following main areas:

3. Purchase Order Processing System

POPS is Newcastle City Council's fully automated system that enables officers to purchase automatically direct from contracted or framework suppliers. Your Homes Newcastle has access to POPs through the Service Level Agreement with Newcastle City Council's Corporate Procurement Team. Since its implementation it has provided tangible savings as well as other intangible benefits including better governance and management information.

While particular areas of savings have been realised we are committed to achieving further savings from the collection and manipulation of procurement data held within POPS.

4. Internal Market Place

We currently operate an internal market as part of POPS. It comprises an on line catalogue enabling end users to select and order specific items directly with contracts with suppliers being managed through Newcastle City Councils corporate purchasing team. We are committed to further rolling out the internal market place across Your Homes Newcastle.

The RIEP has commissioned two major providers of external market places to work on a project that could provide a comprehensive solution for authorities in the region. We are committed to working with the RIEP and partner authorities on this.

5. E- Tendering

We have introduced an e-tendering portal that is being used regionally in order to increase efficiency. We are committed to using this portal in all our tenders whenever possible and increasing its use across the organisation. We are committed to raising the profile of this portal amongst our suppliers, both current and prospective.

6. E-Ordering

We are committed to using e-ordering and invoicing to reduce paperwork in ordering goods and services across Your Homes Newcastle. POPS is capable of electronic ordering and we are committed to working with our suppliers so they engage with us in this way.

7. Purchase Cards

We are committed to introducing the use of Purchase Cards within Your Homes Newcastle, particularly for the purchase of high volume, low value and low risk goods and services.

We are committed to ensuring that Purchase cards reduce paper ordering and payment processes and help deliver improved efficiency and reduce costs through a streamlining of the process for low value purchases and by minimising administration.

8. E- Auctions

We are committed to ensuring that e- auctions are utilised as part of the procurement processes we use in order to help to drive out efficiencies where there is an active market by providing an opportunity for suppliers to bid against the market price.

Appendix 16 - Risk Management

1. Overview

This process sets out how risk management is built into our procurement processes from Options Appraisal through to procurement and contract management. It explains the relationship between risk management and procurement. A risk matrix is provided to identify the main risks at all stages of the procurement process.

2. Risk management - introduction

Through the implementation of our Risk Management Strategy we are able to identify, evaluate and control risk thus ensuring we are best placed to achieve our corporate aims and strategic objectives. As a business we are exposed to uncertainty and risk. It is vital to assess risks that may help or hinder our ability to meet our strategic objectives. We know that risk management must be at the heart of everything we do and that we are transparent in the process.

Effective risk management is a key contributor to delivering high quality services to our customers. Risks are uncertainties, opportunities and threats that may enhance, or adversely affect, our ability to achieve our objectives and to successfully execute our strategies. Decisions often involve trade-offs that lead to different risks for tenants, employees, management and suppliers. It is important that we are aware of these risks, analyse their likelihood and take appropriate measures to reduce or eliminate their impact.

Our Risk Management Strategy is fundamental to ensuring that we are able to fulfil our statutory obligations and commitments to our stakeholders and partners. We all manage risks every day as part of our jobs. The formal risk management process enables us to identify these risks and plan accordingly.

Effective Risk Management in procurement leads to better decision-making and the achievement of service objectives. When embedded within existing planning, decision taking and option appraisal processes risk management provides a basis for ensuring implications are thought through, and that the impact of decisions, initiatives and projects are considered and conflicts balanced.

Large scale, strategic procurement activity requires a particular focus on risk management not only because of the financial and operational consequences of failure, but perhaps more significantly because the redefinition of future service requirements will in many cases involve the deliberate taking of managed risk to achieve the benefits of service improvements.

3. Overall approach

There are three distinct aspects to the relationship between risk management and procurement set out below:

Firstly, Your Homes Newcastle's overall risk management strategy and culture has a

major impact on setting the environment within which procurement processes take place and on determining the scope and nature of procurements. This includes:

- Impact on development of strategic service objectives;
- Impact on definition of future service requirements;
- Management rather than avoidance; and
- Constraints and restrictions on the scope and range of supply options.

Secondly, a number of risk management processes are vital components within procurement processes.

- Options appraisal;
- Procurement of preferred option;
- Risk transfer/PFIs; and
- Project management.

Thirdly, the procurement process itself has a number of risks which need to be managed and minimised, for example, attracting sufficient high quality bidders and fully evaluating bids to identify the most effective bid which meets the service objectives and Your Homes Newcastle’s criteria.

4. Risk Matrix on the procurement process

The Risk Matrix below identifies the main risks in the procurement process ranging from options appraisal and market research, the procurement and contract award process, secondment or transfer stage, and service delivery and performance.

Risk	Impact
Options Appraisal and Market Research	
Full range of options not considered at appraisal stage	<ul style="list-style-type: none"> • Best practice options appraisal process not fully understood. • Officers working to ‘hidden agenda’.
Market research information is incidental and lacking evidence	<ul style="list-style-type: none"> • Inadequate/inexperienced research staff and/or poor methodology.
Service managers commence procurement process without completing prior review and options stages	<ul style="list-style-type: none"> • Poor corporate management • Corporate procurement strategy and best practice needs reinforcing and re-communicating to managers.
Options appraisal result foregone conclusion for staff and trade unions and claim ‘hidden agenda’	<ul style="list-style-type: none"> • Failure to fully examine all options, need to revise guidance and training.

Risk	Impact
Decline in staff morale, increased sickness absence and staff turnover	<ul style="list-style-type: none"> • Lack of staff and trade union involvement, secrecy, poor communications, hidden agenda and inadequate options appraisal and/or failure to include in-house bid.
Opposition of user/community and/or staff/trade union to appraisal process and recommendations	<ul style="list-style-type: none"> • Can be minimised by involvement of users/community and staff/trade union representatives.
Your Homes Newcastle locked into a single external provider	<ul style="list-style-type: none"> • Failure of options appraisal to examine all the permutations and their implications.
Procurement Process	
Low response to contract advert	<ul style="list-style-type: none"> • Lack of ability and/or capacity of external providers. • External providers make commercial judgement on profitability. • External suppliers unwilling to deal with Your Homes Newcastle
Poorly prepared in-house option	<ul style="list-style-type: none"> • Service users and stakeholders not fully involved. • Lack of corporate/management Commitment and priority. • Inadequate resources to prepare bid.
Some shortlisted bidders withdraw before bid submission date	<ul style="list-style-type: none"> • Bidders make commercial decision not to bid. • Bidders have financial crisis. • Project is too complex • Failure to fully explain project Objectives and procurement process to bidders.
Track record of provider – service delivery, environmental, employment, health and safety – not revealed until after short listing	<ul style="list-style-type: none"> • Failure of market research, questionnaire and investigation of providers at short listing.
Provider with limited capacity is shortlisted	<ul style="list-style-type: none"> • Failure of market research, questionnaire and investigation of providers at short listing.

Risk	Impact
Lack of audit trail regarding decisions at short listing and/or contract award	<ul style="list-style-type: none"> • Lack of planning and organisation of evaluation process. • Evaluation team lacking support staff and technical advice.
ITN/ITT does not fully reflect user needs and subject to criticism and opposition from user and community organisations	<ul style="list-style-type: none"> • User needs not fully integrated into contract design and procurement.
Evaluation of options and/or bids is less than comprehensive	<ul style="list-style-type: none"> • Failure to agree evaluation criteria at OJEC stage. • Poor management of the procurement process.
Some bidders submit incomplete bids	<ul style="list-style-type: none"> • Bidders have decided to limit their bid costs and/or believe that they will still have a chance of winning the contract. Instructions to bidders are not clear, lack of explanation and communication of requirements to bidders.
Disclosure of confidential information	<ul style="list-style-type: none"> • Accidental loss of documents but this may not result in disclosure • Release of evaluation findings in advance of Your Homes Newcastle's decision reflects breakdown in partnership approach.
Unequal treatment of bidders: - information disclosure unequal - unequal evaluation of bids	<ul style="list-style-type: none"> • Inadequate management of the procurement process, protocols and toolkit may require strengthening and additional training.
Contract Award, Secondment, Transfer	
Disputes/industrial action prior to secondment or transfer	<ul style="list-style-type: none"> • Lack of consultation with staff and trade unions. • Failure to include Fair Employment and/or Code of Practice in contract or inadequate wording of contract clauses.
Loss of key Your Homes Newcastle staff thus reducing Your Homes Newcastle's capacity	<ul style="list-style-type: none"> • Failure to fully identify the employment and corporate capacity implications at options appraisal.

Risk	Impact
Service delivery and performance	
Corporate policies not fully implemented by providers	<ul style="list-style-type: none"> • Inadequate resources assigned to contract management. • Bidders not made fully aware of policies due to inexperienced management of procurement process.
Corporate impact more substantial and costly than anticipated	<ul style="list-style-type: none"> • Failure to carry out impact assessment at option appraisal.
Higher than anticipated transaction and monitoring costs	<ul style="list-style-type: none"> • Inadequate market research and/or financial-led procurement.
Service performance does not meet required standards	<ul style="list-style-type: none"> • Under-resourced bid not identified at evaluation stage. • Contract decision based primarily on price Inadequate client monitoring and contract management • Lack of performance standards and measures built into contract at ITT/ITN stage.
Provider has high turnover of staff	<ul style="list-style-type: none"> • Cuts in pay and conditions because Fair Employment and Code of Practice not enforced.
Equalities for users and/or staff not mainstreamed	<ul style="list-style-type: none"> • Poorly prepared ITN/ITT and/or lack of user/community and/or staff/trade union representatives.
High cost of contract termination	<ul style="list-style-type: none"> • Failure to devise an exit strategy at planning stage. • Failure to include address potential termination in contract conditions.
Provider imposes price increases, particularly for non-specified work	<ul style="list-style-type: none"> • Failure of specification and contract to fully reflect needs of the service and accommodate changing circumstances.
Your Homes Newcastle has reduced control and flexibility	<ul style="list-style-type: none"> • Failure to consider at options appraisal stage.
Provider fails to achieve required environmental performance standards	<ul style="list-style-type: none"> • Management and minimisation inadequate coverage of the issue in contract specification • Failure to monitor contract performance • Breach of legislation by provider • Adverse publicity

Appendix 17 – Fair Employment Policy

1. Overview

Some Service Reviews and Major Project procurements may result in a change in the way services are supplied – for example, a private public partnership or a form of outsourcing. This could result in staff transferring to another employer (in line with government policy).

This policy sets out the ways in which we will seek to minimise the negative impact at all stages of the procurement process by proper and systematic consultation. It explains how we will consider applying all aspects of the government's Code of Practice on Workforce Matters in Local Authority Service Contracts (subject to the possible effect on value for money, core objectives or service procurement).

2. Policy

Your Homes Newcastle is committed to providing 'Value for Money' Services for the people of Newcastle, and acknowledges that a skilled and competitive workforce is a vital component of Your Homes Newcastle's ability to respond to the rapidly changing public sector environment. Accordingly, staff development will be given a high priority within the improvement plans of Service Reviews. However, there are many potential service delivery options within a Service Review framework including:-

- In house provision;
- Mixed service provision (with other providers delivering part of the service under contract);
- Partnerships and partnering with public, private and voluntary sectors;
- Framework agreements where a core in-house workforce is supplemented to address fluctuating demand; and
- Other contract arrangements including PPP / PFI and outsourcing.

N.B. Consideration will be given to excluding service provision in regard to these contractual arrangements.

Major procurement projects and the Service Review process itself may result in staff, valued and respected by Your Homes Newcastle, being transferred to another employer in line with government policy. Your Homes Newcastle recognises fair employment as an integral part of any procurement project; at appropriate points in any process a full range of options from use of Your Homes Newcastle staff through secondment to full-scale transfer will be fully explored. Your Homes Newcastle also recognises that procurement exercises that may result in the transfer of staff or other impact on terms and conditions of employment have the potential to become a source of uncertainty and anxiety for staff. Although this can not be eliminated entirely, Your Homes Newcastle will seek to minimise the negative impact of the procurement process by proper and systematic consultation, which should also minimise unexpected decisions.

Your homes Newcastle will consider applying all aspects of the government's Code of Practice on Workforce Matters in Local Authority Service Contracts subject to the possible effect on value for money, core objectives or service procurement. The Code sets out policies for:

- Workforce matters;
- Treatment of transferees;
- Treatment of new joiners to an outsourced contract;
- Pension arrangements for new joiners to an outsourced contract;
- Monitoring arrangements;
- Enforcement;
- Subcontractors;
- Operation of the Code; and
- Alternative Dispute Resolution Procedure.

The Code implements Your Homes Newcastle's framework for the treatment of staff involved in transfers. Your Homes Newcastle has improved the framework which now comprises:

- Direct involvement members in the procurement process;
- Transparent and timely discussions with all staff potentially affected by procurement proposals and decisions; trade union representatives will be made aware of such proposals at an early date;
- Evaluation criteria including employment issues, staff management issues, equalities and health & safety relevant to the delivery of the contract. The equalities criteria will cover equality in service delivery as well as employment practices. This will apply to the pre-qualification process as well as to shortlisted bidders;
- Any external service providers will be expected to participate in the training of the unemployed and school leavers to assist in meeting Your Homes Newcastle's social policy obligations;
- Involvement of staff group representatives in discussions with shortlisted bidders and reasonable access to appropriate documentation related to the bid subject to necessary restrictions for commercial confidentiality;
- Trade union representatives having the opportunity to put forward written comments for evaluation, which will be taken into account in the evaluation process; and
- Your Homes Newcastle retaining full and final responsibility for the final selection of the preferred bidder, which will take into account all the evaluation criteria for assessing quality and best value. Evidence-based reasons for the final selection will be presented to trade union representatives.

Detailed arrangements for each of the above principles will differ from project to project; each procurement exercise will produce a specific statement of how the principles will be applied to that project including such issues as mechanisms for consultation and involvement, access to information and to bidders etc.

Your Homes Newcastle will also rely on the Staff Group representatives' submissions to identify concerns which could be taken forward by Your Homes Newcastle at the appropriate stage in the process to secure commitments for those members of staff who will transfer.

Your Homes Newcastle will, normally at the Invitation to Negotiate stage, seek commitment from potential partners to terms in addition to the protection offered by TUPE. These are:

- A commitment that the service provider will not operate a two-tier workforce;
- A commitment to annual local government pay awards unless otherwise agreed with the recognised trade unions;
- A commitment to seek admitted body status to the Local Government Pension Scheme so that all TUPE transferred employees have the option of remaining within the local authority pension scheme and there is capacity to add that choice for any new staff;
- A commitment to equal opportunities, work-life balance policies, whistle blowing policies and health and safety;
- A commitment to staff training and development;
- A commitment to maintaining trade union recognition for transferred and new staff who must have equal opportunity to join a recognised trade union. A new employer will within their bid submissions specify the recognition agreements they intend to honour and where these are different from those currently in place with Your Homes Newcastle will explain their reasoning;
- No restrictions on staff promotion, for example, requiring transferred staff to transfer to the employers own terms and conditions;
- Trade union facility time – the new employer will be required to specify the amount and nature of facility time it is proposing. The new employer may wish to agree this in advance with the appropriate trade unions; and
- Check-off – new employer will be required to provide a check-off facility for the deduction of trade union subscriptions.

The level and commitment will be assessed for impact on value for money, core objectives and/or service procurement on a project by project basis.

Furthermore, the evaluation of bids and proposals will include:

- An assessment of the contractors' ability to recruit and retain an adequately skilled and experienced staff;
- Proposed implementation of equalities and diversity policies and practices for service users and staff; and
- The contractor's commitment and ability to implement the Code of Practice on Workforce Matters which will be a condition of contract.

During the procurement process Your Homes Newcastle will:

- Provide appropriate information to staff and trade unions at all stages of the procurement process;
- Establish regular consultation processes with staff and trade unions at appropriate

frequencies;

- Provide an opportunity for trade unions to comment on all aspects of the procurement process at key milestones of the procurement process;
- Facilitate meetings between trade unions and potential providers at key stages of the procurement process;
- The trade unions will select their own representatives for meetings with contractors and site visits;
- Allow full discussions between trade unions and Your Homes Newcastle's preferred bidder prior to contract award; and
- Use a minimum of temporary and agency staff during the procurement process, consistent with service and operational objectives.

Post transfer contract arrangements

Your Homes Newcastle will secure that contracts and SIPs will contain arrangements to monitor how the contractor implements the human resource and TUPE requirements after transfer in line with the good practice adopted by some government departments. The National Joint City Council's Agreement on Best Value states that "the City Council as transferor has a duty to safeguard, as far as it lawfully can, the rights and interests of the transferred employees, including pay, conditions and pensions.

Monitoring arrangements will form part of the negotiations prior to implementation of any contract or SIP. The purpose is to:-

- Set out meeting timetables and agenda procedures;
- Address perceived (or otherwise) issues of non-performance in relation to Employee matters;
- Identify appropriate attendees from the contractor, Your Homes Newcastle and staffside representation; and
- Ensure ability to arrange ad-hoc communications and meetings as necessary outside of this formal process

Post transfer contract arrangements will be cross referenced with the Code of Practice on Workforce Matters in Local Authority Service Contracts.

Secondment of staff

Partnership and joint venture projects should consider the scope for the secondment of staff from Your Homes Newcastle (and where relevant, other public sector organisations).

Subcontracting to in-house services

So far as the law will allow consideration will be given to the potential for sub-contracting support services to well performing in-house services, for example, in PPP/PFI projects, trusts, arms' length companies and partnerships.

Appendix 18 – Fair Employment – Staff Engagement Policy

1. Overview

This policy is closely related to the Fair Employment Policy (see Appendix 17). It provides further detail of how we will engage with staff and trade union representatives during procurement activities. The policy sets out key principles for engagement and explains how engagement will take place at different stages of the procurement process including documentation, bidder discussions and evaluation.

The policy also includes specific guidance in relation to engagement with staff and trade union representatives during options appraisal and in-house bids.

2. Introduction

This policy further develops and expands some of the provisions of the Newcastle City Council Fair Employment Charter approved by Cabinet on 19 June 2002. Paragraph 3 of the Charter includes the following commitments relating to the involvement of staff and their representatives in procurements where there exists the potential for transfer to another employer:

- Consultation with trade union representatives in consideration of procurement options at an early date;
- Transparent and timely discussions with all staff potentially affected by procurement proposals;
- Involvement of staff group representatives in discussions with shortlisted bidders and reasonable access to appropriate documentation related to the bid; and
- Trade union representatives having the opportunity to put forward written comments for evaluation, which will be taken into account in the evaluation process and for these to be presented to the relevant evaluation and decision making body.

Clearly there is a requirement for agreed guidelines to govern these processes and ensure that Your Homes Newcastle, the staff and indeed external organisations involved in such procurements have their respective interests properly protected. Furthermore, the increasing emphasis on comprehensive options appraisal as a fundamental aspect of Service Reviews and other procurements leads to the need for similar guidelines to accommodate that process as well as procurements directly.

The degree of formality of the protocols necessary will vary according to the stage of the process, and will reflect Your Homes Newcastle's risk assessment of each part of a procurement. "Internal only" stages such as options appraisal will be governed by relatively light touch guidelines, while relationships with potential or actual bidders during a procurement are likely to require a more detailed and explicit framework.

3. Procurement Proposal

A comprehensive risk assessment will be a key feature of the formulation of any procurement proposal. As part of this process, any procurement where there is the potential that staff may be transferred may consider the exclusion of the workforce from

the services to be procured. This consideration will depend to some extent on the nature of the service in question. It will depend on the business case and the materiality of the workforce in the overall service.

In the case of a PFI procurement, the OBC will enable Your Homes Newcastle to formalise a view on risk transfer and obtain government approval of the exclusion. See “Procurement Documentation” below for some of the means by which this will be achieved.

4. Principles

To be effective, protocols require compliance by all parties. Rather than write a set of rules, which may not be enforceable, a set of principles has been established which all parties (elected members, officers, staff/trade union representatives and user/community representatives) sign up to. Your Homes Newcastle has a disciplinary and grievance procedure.

- Principle of partnership;
- Acting in the public interest and safeguarding public service ethos;
- Information concerning market analysis, potential providers and procurement documentation will be shared;
- Non-disclosure of confidential information;
- Staff/trade union and/or user/community representatives may be required to sign a confidentiality agreement if requested by an external bidder;
- Contact with bidders must be within the terms of the protocols and procurement policy; and
- Officers and community/trade union representatives who fail to act according to these principles may be replaced.

Appropriate action will be taken by Your Homes Newcastle in any breaches of confidentiality or biased assistance to external bidders to ensure that all parties comply with the policies and protocols.

5. Trade union representatives

- Trade union representatives will be required to sign information confidentiality agreements as and when required. At the options appraisal and procurement proposal stages, any staff representative found to have failed to comply with the protocols will be excluded from the procurement process;
- At the procurement documentation stage refusal of a Trade Union to sign a non-disclosure agreement where one is required will result in withdrawal of the right to contribute to the documentation. Similarly, “leaking” of draft documents will result in immediate exclusion from the process;
- At the bidder/partner discussion stage, refusal of a Trade Union to sign a non-disclosure agreement where one is required will result in withdrawal of the right to review documentation and other information supplied by the external organisation. Breach of a previously signed non-disclosure agreement will result in the immediate suspension of the Trade Union from the process until such point as the specific source of the breach is identified;

- In all of the above cases where a Trade Union may have its original representative excluded from the process, a substitute acceptable both to Your Homes Newcastle and to the Trade Union will be agreed as a matter of urgency; and
- It is neither possible nor reasonable to attempt to prevent an independent Trade Union from making any contact with any external organisation, but if this is not in accordance with the protocol it will be made clear to bidder/partner organisations that any such contact does not form part of the procurement process.

6. Procurement Documentation

The wording of documents has a significant influence on the shape and outcomes of the procurement process. It is important that potential bidders or partners are aware of the material issues that they may face in delivering the service; this of course includes workforce issues as one of the principal elements.

- Trade union representatives will be consulted and invited to comment on workforce proposals/wording in drafts of documents, although the final version and approval process will be the responsibility of officers and members;
- During the tendering or negotiation stages any decision on workforce exclusion from the services to be procured and consideration of the inclusion of requirements for mandatory variant bids or suggestions for optional variant bids will be explicitly documented to enable potential bidders to comment on the commercial structure of the service delivery;
- Given the sensitive nature of such documents as part of a legal process, it will be vital to ensure that their draft content is not divulged to anyone outside of the group responsible for the procurement until they are formally approved and published. Trade Unions must agree to this stipulation before being allowed access to the draft documents;
- Trade union representatives will be consulted and invited to make comment on the drafts of bid documentation in relation to workforce issues and working practices, so that potential bidders or partners can gain a full appreciation of the issues they may face in delivering the service in question. This opportunity will be subject to a non-disclosure agreement;
- Bid documentation must at this stage capture the conclusions of the procurement on workforce matters; and
- Trade unions should be informed of the names of short-listed bidders.

7. Bidder/Partner Discussions

A positive and comprehensive staff contribution to relevant aspects of discussions with bidders or potential partner organisations is critical to ensuring that negotiations produce the most effective outcome for Your Homes Newcastle. Equally, the bidder/partner organisations need to be confident that the information they disclose to Your Homes Newcastle during discussions and negotiations will be treated with the appropriate level of confidentiality.

- Trade union representatives will be given the opportunity to participate in discussions with potential bidder or partner organisations when such discussions cover aspects of the procurement process directly affecting the employment of staff and changes to

working practices.

- Trade union representatives will be given access to confidential information, directly relevant to the employment of staff and working practices, supplied by the bidder/partner organisations to Your Homes Newcastle only with the specific consent of all bidders in the process. If consent is received from all bidders each trade union represented in the procurement will be required to sign a confidentiality / non disclosure agreement before access to information will be allowed.
- Following receipt of information the trade union representatives will be expected to raise issues with Your Homes Newcastle relating to terms and conditions of employment and working practices as stipulated in the Fair Employment Charter;
- Once potential bidder or partner organisations have been shortlisted to receive an ITN (or the equivalent stage of any procurement), trade union representatives will have access to discussions with those organisations, on an agreed agenda, where discussions cover issues relating to the employment of staff and working practices. This involvement will be subject to the agreement of the bidder or partner organisations.
- Trade union representatives will be allowed access to information supplied by bidder or partner organisations where this information relates to the employment of staff and where the trade union representatives and the relevant Trade Union have signed a non-disclosure agreement.
- Trade unions will be able to share procurement documentation and information with their appointed advisers who will also be able to attend meetings in an advisory capacity.

8. Evaluation Process

As noted above, Your Homes Newcastle's decision-making processes focus on members acting on the advice of officers. Following the discussion and negotiation stage, the evaluation of the offers of competing bidder/partner organisations and of the preferred bidder will be carried out by officers, assisted by any formally approved external advisers.

- The evaluation criteria, including and extending the main criteria established for the options appraisal stage should include:-
 - Vision and innovation;
 - Service and community needs;
 - Equity, equalities and diversity;
 - Technical/design assessment;
 - Impact on service users;
 - Added value;
 - Financial assessment;
 - Development and investment;
 - Environmental sustainability;
 - Democratic accountability and participation;
 - Partnership;
 - Management practice;
 - Information and communications technology;
 - Risk management;
 - Asset management;
 - Employment, training and human resource policies;

- Corporate impact on the organisation;
- Community well-being and the local economy;
- Social and organisational impact;
- Regional strategies;
- To ensure that staff concerns are properly communicated to the evaluation body and taken into account in the evaluation process, trade union representatives will have the opportunity to make a presentation of their submission to the evaluation body;
- Whilst the Finance and Resources Committee will provide a challenge to the evaluation process before accepting any evaluation report and recommendation consideration will be given to the possibility of including an independent observer agreed by Your Homes Newcastle and bidder organisations on the evaluation body together with a similarly approved independent observer nominated by trade unions;
- Trade union representatives will have the opportunity to make written submissions to the evaluation body for the procurement and to present those submissions to the evaluation body; and
- In line with the communications guidelines set out above, the evaluation body will reveal to trade union representatives the thinking behind the eventual recommendation and the ways in which staff concerns are dealt with and how they will be dealt with in the ensuing contract or partnership arrangement.

9. Options Appraisal – Staff Engagement

Many options could cause anxiety and uncertainty for staff and service users. Equally, every option within Your Homes Newcastle's chosen framework must be properly considered, even if the end result is to dismiss it as a means of improving the service in question. For such consideration to be fully effective, the positive contribution of Service user organisations and community organisations, staff and trade union representatives must be an important element of the appraisal; this contribution must be obtained without causing unnecessary alarm to the users or staff of the service in question.

10. Staff and Trade union representatives

- Trade union representatives will be given the opportunity to contribute to and comment on the formulation of the options appraisal and the evaluation criteria. It will be important in coming to a proposal on the most advantageous option that workforce-related issues are fully understood and taken into account;
- During this process, information and the thinking behind it will be shared in confidence on the understanding that it will not be revealed more widely to staff of the service until a single preferred option has been identified; this is to avoid causing unnecessary uncertainty or anxiety over some of the more extreme options. Staff will be aware that options appraisal is under way as part of a well-communicated process;
- Trade unions will be asked to make available information, which can only be accessed by them as part of the contribution to market analysis from relevant databases and research studies together with any factual information on the performance of providers. The validity of the information will require confirmation;
- Trade union representatives will have the opportunity to comment on the draft options appraisal analysis;
- Once Your Homes Newcastle has finalised an appraisal of each option for future

delivery of the service, trade union representatives will again be consulted on the outputs and will be fully briefed on the reasons for the proposed preferred option. The options will be discussed in as much detail as is appropriate to their realistic application to the service, and the views of trade union representatives will be considered in the final proposal of preferred option.

- Where any option other than continued in-house provision is preferred, Your Homes Newcastle will seek to procure the service from the widest possible scope of potential service providers. In order to maintain the credibility and business-like reputation necessary to attract a wide spectrum of interest, there will be no communication outside of the Your Homes Newcastle until Finance and Resources Committee has sanctioned any release of information.
- The preferred option will not be communicated outside Your Homes Newcastle until Finance and Resources Committee has sanctioned any release of information so that the scope of potential sources of service delivery is not unnecessarily reduced.

11. Communicating with staff

As soon as a preferred option has been identified, with the views of trade union representatives taken into account, this option and its implications will be communicated and fully explained to all staff potentially affected. This will include the implications and intended process fully explained. This will be done via the most effective channels of communication, which will usually involve a major face to face element. To avoid or reduce concerns and rumours there will be no undue delay in communication

The nature of the communication process will depend on the preferred option and ideally, the communication will be jointly by management and trade union representatives, even where there is disagreement on the conclusion as to preferred option.

Communications in such circumstances will follow the guidelines recently issued by Organisational Development:

- Establish the message to the employees affected, that is the vision, reasons for change, benefits, impact on employees, timescale and end results;
- Minimize uncertainty by explaining a clear process and timescale;
- Identify the concerns that employees will have and be clear about the assurances that can be given - manage expectations carefully;
- If issues remain unclear explain when they will be resolved and follow that up without fail;
- Keep the flow of information going with further face to face briefings;
- Ensure that employee representatives are well briefed and respond fully to concerns that are raised by them without delay; and
- Consider planning a series of communications to the workforce as a whole to raise awareness and influence opinion.

12. In-house Options

Discussions will be held with trade union representatives on the approach, development and overall content of any In-House Option at the start of the procurement exercise.

- Trade union representatives will be consulted on the principles and approach of the in-house option including any proposed changes to working practices;
- Consultation will also include the active participation of staff and trade union representatives in the preparation of Service Improvement Plans to harness staff ideas for innovation and service development; and
- Trade union representatives will be consulted on the selection of advisers to assist with the preparation of an in-house option.

Appendix 19 – Policy for User and Community Engagement

1. Overview

This policy explains our principles for involvement and participation. It sets out how we will involve tenants, leaseholders, service users and community representatives at all stages of the procurement process.

2. Policy

Where appropriate tenants, leaseholder, service user and community representatives will be involved at key stages of the procurement process. We will ensure that consultation on the procurement process is representative of our customers.

Representatives will be consulted on the overall proposals for:

- The definition of service need;
- The performance standards, targets and other key aspects of the service;
- The equalities and environmental sustainability requirements to be included in the contract;
- The monitoring arrangements; and
- The evaluation criteria and methodology.

When consulting with tenants, leaseholder, service user and community representatives we will clearly explain from the outset how their views will be used to influence the procurement process. Tenant, leaseholder, service user / community representatives can request information on shortlisted bidders which will be provided by YHN.

3. Feedback and Monitoring

Where appropriate tenants, leaseholder, service user and community representatives will receive feedback on the procurement process once a decision has been made. This feedback will outline how involvement and community engagement has influenced the decision.

Service providers who have direct contact with service users will be required, if requested, to meet with tenant, leaseholder or service user representatives on-site and/or to attend community meetings to discuss operational matters and performance.

4. Failing contracts

Representations in regard to failing contracts will be initially through the appropriate Your Homes Newcastle officer authorised representative together with appropriate reporting structures within Your Homes Newcastle itself.

5. Tenant/resident involvement in regeneration projects

Procurement is a key part of regeneration projects. It will usually include the procurement of a developer and/or builder, consultants and the provision of services, employment and training and other community projects.

Where appropriate tenant/resident and community representatives will be involved in Advisory panels, Boards and other coordinating bodies which will usually predate options appraisal and procurement processes. Where coordinating bodies have not been established or are being established in parallel with options appraisal and procurement, user/tenant and community representatives will be involved in these processes.

Tenant/residents and community organisation representatives will be involved in the following ways:

- Each procurement process must immediately prepare a draft user/community involvement/consultation plan identifying the different stages of the procurement process and how user/community representatives will be involved. Discussions should be held with the relevant organisations to agree the level of involvement at each stage;
- The user/community involvement/consultation plan will provide for participation through;
 - Working groups, panels and committees set up to carry out options appraisal and procurement;
 - Evaluation panels;
 - Site visits to other projects and contracts;
 - Interviews of contractors prior to short listing and on bid submissions;
 - Presentations by bidders;
 - Workshops and away days to evaluate proposals and bids;
 - Engagement of consultants and advisers;
- Community and/or trade union representatives will have observer status on decision-making bodies because they are not party to the contract. However, this does prevent representatives having a role in working groups and panels established to progress procurement;
- Consultative evaluation of appropriate elements of scoping documents, options, specifications, procurement strategy, short listing, bid documentation, bids, preferred bidder selection and contract award;
- Tenant/resident and community groups have the right to have their advisers to accompany them to all meetings with Members, Your Homes Newcastle staff, consultants and contractors and to submit reports and their views to evaluation panels;
- Your Homes Newcastle will provide training for tenant/resident and community representatives on the options and procurement processes; and
- Your Homes Newcastle will consider funding technical advisers for community organisations, in appropriate procurements.

Contracts may include specific requirements negotiated with the service provider as part of this process.

6. Options Appraisal

- Service user organisations and community organisations will be involved in the options appraisal process in connection with key services and regeneration projects where their involvement is an essential part of the public policy making process; and
- User/community organisations and trade union representatives will also be consulted if any 'deconstruction' of a service is under examination for outsourcing or market testing purposes in order to assess the detailed implications.

7. In-house Options

Service users and community organisations will be consulted in the preparation of the bid or project for direct service provision where user needs and views are important.

Community organisations and service user representatives will be encouraged to participate in the preparation of the Service Improvement Plan to ensure it reflects their needs, ideas and experiences.

Appendix 20 – Major Projects

Our definition of a Major Project is a project resulting from a major decision. All Major Projects will follow the Corporate Procurement Process.

Definition of a Major Decision

Major decisions are;

- Any decision in relation to YHN’s function which results in the incurring of expenditure which is significant, having regard to YHN’s budget for the service to which the decision relates
OR
- Any decision that is likely to have a significant impact on two or more electoral wards within the council.

The threshold for significant expenditure is £100,000.

The definitions are qualified by the following:-

- Decisions that are a direct consequence of implementing a major decision will not in themselves be “major”. An example is the delivery of individual Capital Schemes already agreed as part of the annual Investment Programme.
- Decisions to bid for sums over £100,000 are not included, provided that expenditure is within the agreed budget and policies of the company.
- “Significant impact on two or more wards” means any decision which is likely to have a significant positive or negative impact in environmental, physical, social or economic terms on people living or working in communities in two or more wards.
- Any decision involving the making of a grant or loan to any organisation or individual will require the approval of Board, unless it is less than £10,000 or in accordance with policy already approved.

Because of the cycle of Board meetings, there is likely to be the need to make urgent decisions ahead of the next Board meeting. In this event, an urgent major decision will be made as follows:

- The Chief Executive of YHN will prepare a report in the format of the Board report for the Chair of YHN who may then approve the major decision, subject to approval by one other Board member, who should be Vice Chair of a Committee of the Board.
- The full report and the decision of the Chair and another Board member should then be reported to the next available Board meeting for information

Key Point: If in doubt as to whether a project is covered by this definition, guidance should be sought from the Procurement Manager.

Appendix 21 – Failing Contracts

This policy sets out the actions to be taken in the event of a provider failing to deliver to the agreed contract performance standards.

Where following the letting of any contract, or implementation of a Service Improvement Plan, providers fail to achieve the agreed performance standards on a consistent basis then the following may be considered:

- Additional and/or more intensive monitoring arrangements;
- Meetings with the provider to discuss the scope and cause of problems;
- Additional technical support to the provider, financed by the provider;
- Issue of warning notices when triggered by level of defaults;
- Process of contract termination and selection of alternative provider.

Conditions and a procedure will be established for the removal of a service provider/contractor from any approved list as a consequence of poor performance.

YHN acknowledges the right of service users, community organisations and staff and/or their representatives to make representations about the removal of failing or poorly performing service providers or contractors. Every service provider contract or Service Improvement Plan will include details of YHN's Authorised Representative whose role is to monitor the service provider and is subject to YHN's performance management and monitoring regimes. This officer is the first contact for any form of representation. Appropriate action will be taken by YHN under the terms of the contract or Service Improvement Plan.

Appendix 22 – Use of Consultants

We will ensure that external consultants will only be used when necessary and in accordance with our guidelines and Financial Regulations. Our guidance on the use of consultants is set out below.

Policy

In many projects or service procurements the use of external consultants may be necessary to assist with project delivery. Financial Regulations cover the circumstances and approval process for using External Consultants.

The Audit Commission's recommendations are:

- Use of consultants must demonstrate value for money; and
- Consultants are only to be used when in-house expertise or capacity is not available.

All external consultants must be procured in compliance with procurement legislation and the Financial Regulations. Consideration should be given to setting up framework and/or partnership arrangements for procuring consultancy advice where this would offer improved value for money and/or added value.

All contractual arrangements for employing external consultants must be approved by the Director of Finance and Resources in accordance with Financial Regulations.

The performance of External Consultants must be monitored to ensure that their costs are managed and that value for money is obtained.

Appendix 23 – Anti Fraud and Corruption

1. Why is it important to manage issues in relation to Fraud & Corruption?

It is vitally important that the risks in relation to bribery, fraud and corruption are managed. A breach of YHN's Procurement Procedure Rules may result in the following consequences for the individual:

Criminal Conviction, which may result in fines and / or imprisonment;
Civil Claims for Compensation;
Dismissal from employment or other disciplinary action.

2. What are the Fraud & Corruption Rules for Individuals

1. Act at all times honestly and without deception
2. Do not knowingly, with wilful blindness or recklessly do any of the following, or participate in any activity which involves any of the following:
 - Offer, give, demand or accept any bribe or other improper advantage.
 - Participate in any dishonest or deceptive activity in relation to any pre qualification, tender or nomination process.
 - Provide, conceal, or approve work, materials, equipment or services which are not of the quality and quantity required under the contract.
 - Dishonestly withhold information
 - Provide false, inaccurate or misleading information
 - Make or submit false, inaccurate, misleading or exaggerated records, invoices, claims, applications for variations or extensions of time, or requests for payment.
 - Dishonestly refuse or fail to approve, or delay in approving, work, materials, equipment, services, invoices, claims, applications for variations or extensions of time, or requests for payment.
 - Dishonestly refuse or fail to pay, or delay in paying, sums due.
 - Dishonestly abuse a position in which you are expected to safeguard, or not act against, the financial interests of another person.
 - Make, adapt, supply or offer any article for use in the course of or in connection with any fraud.
 - Have in your possession or under your control any article for use in the course of or in connection with any fraud.
3. If you are an Officer, or have any management responsibility for YHN, you must not instruct, authorise or condone, expressly or impliedly, any corrupt activity.

Personal Safety: Do not comply with these rules if you believe that in doing so, you will endanger your personal safety or that of another person.

Please click [here](#) for full details of our fraud and corruption policy statement.

Appendix 24 – Managing Contracts Performance

1. Why is it Important to Manage and Monitor Contracts?

It is vitally important that all contracts that the YHN awards (whatever their value) are properly managed and monitored while they are in operation. This is to make sure:-

- The YHN is actually getting in practice what it has contracted for;
- The YHN is carrying out its own obligations, and is not itself in breach of contract;
- The contract is working well in practice and any problems arising are resolved effectively;
- The contract is delivering to YHN and its users and stakeholders all the planned benefits;
- YHN is getting all possible added value from the contract;
- We are learning all the appropriate lessons from that contract, which we can apply to running that contract and/or letting other contracts in future.

2. Planning a Procurement

Make sure you know how YHN will monitor the contract when it is in operation – Who? How?

Does YHN require knowledge about the service to be transferred to it through the operation of the contract? Who? How?

Make sure the contract is very clear about what is required – including all added value and knowledge transfer requirements.

Make the proposed monitoring arrangements very clear to bidders in the invitation to tender (or other relevant document) – so they understand them in advance and know how to price for them in their tender. Ways of monitoring could include:-

- Regular written reports from the supplier/contractor;
- Open book monitoring;
- Performance auditing by YHN or someone else on its behalf;
- Regular liaison meetings;
- Formal performance reviews every so often during the contract period;
- A Payment mechanism that incentivises performance (make sure you get the advice you need on these in advance of going out to tender); and/or
- Whatever else is appropriate

Make sure those monitoring arrangements are written into the draft contract that is sent out to bidders with the invitation.

3. **Awarding the Contract**

When you are coming to the end of a procurement and are about to award the contract:-

- Make sure the final form of contract is clear on contract monitoring and knowledge transfer (see 2 above);
- Make sure it is clear which YHN officer(s) are responsible for ongoing performance monitoring of this contract going forward, and what resources they need to enable them to do this;
- Discuss with the supplier/contractor how things will work in practice;
- Make sure you know what the supplier/contractor needs from YHN to enable them to give us the ongoing performance information we need; and
- Put relevant appointments into the diary, by way of forward planning.

4. **Monitoring Ongoing Performance**

Even though something is written into the contract about performance monitoring, it won't happen unless you make it happen.

- Remind suppliers/contractors that you are monitoring the contract, and what you need to enable you to do this.
- Make sure you give them fair and constructive feedback about their performance – they will welcome this.
- If there are issues about their performance, tackle these with them clearly and promptly, to avoid things getting worse.
- Take advice from NCC Commercial Law Team if the supplier/contractor is clearly in breach.
- Keep good records of your performance monitoring activity, in case these are required at any time.
- Make sure you ask the supplier/contractor about YHN's own performance on the contract – it might be that they are finding things difficult because of some issues about how YHN is carrying out its activity.
- Make sure you track any knowledge transfer that is supposed to be happening throughout the contract, to make sure this is working.

5. **Knowledge Capture and Lessons Learned**

Make sure you capture the knowledge that is transferred into YHN and its officers through the operation of the contract.

Make sure you think regularly about what lessons we are learning from this procurement and the ongoing management and monitoring of the contract:-

- Write these down;
- Share them with the Procurement Team
- Share them with the NCC Commercial Law Team;
- Think about who else might be interested and how these lessons can be learned and applied in the future.

Appendix 25 – Supporting Bidders by Allowing Time to Prepare and Submit Bids

It is important that, whatever the size of your procurement the procurement timetable gives bidders enough time to properly prepare and submit their bids. If bidders do not have sufficient time to prepare, then this could have an adverse effect on YHN's procurement opportunities for the following reasons:

- Potentially good bidders may decline to bid and drop out of the process, reducing the field for YHN to select from;
- If they do bid, the quality of their bid will be adversely affected, which might (for example) impact on quality or value for money;
- A hastily prepared bid will be harder for YHN officers to read and evaluate;
- It may also end up throwing lots of issues that YHN then need to clarify, so the whole process could end up taking longer than if they had been given a bit more time in the first place.

The aim is to get in good, well thought out and well presented bids that will offer Your Homes Newcastle high quality and value for money solutions. When preparing your procurement timetable, think about how much time bidders will realistically need, to be able to put together a decent submission. For instance:-

- Is this a complex service/supply, or is the form of contract complicated, so more time is needed to review it?
- Do they need time to inspect a site, or any existing systems?
- Do they need time to review a large number of complicated documents or drawings?
- Would it be helpful to allow them time to meet with YHN officers to discuss what is required, or ask any clarification questions they might have?
- If you need bidders to be innovative, or they are bidding for something that is non-standard, you need to allow them enough thinking and development time - they can't always recycle something that have done before;
- Is the bid work required over a holiday period?

You need to make sure your timetable allows enough time, and is very clear in the documentation you send out. If the timetable is challenging for bidders, put yourself in their shoes and make sure you have thought about and anticipated any logical questions they are likely to come up with, and have dealt with them in the invitation.

Appendix 26 – Targeted Recruitment and Training (TR&T)

1. Why is Targeted Recruitment and Training included in our procurement process?

In our Skills to Work and Financial Inclusion Strategies we have set out our long term aims and objectives to address worklessness and financial exclusion amongst residents. Key components include:

- Increasing the overall levels of economic activity amongst residents and tenants of YHN
- Reducing inequality, pockets of deprivation and financial exclusion of residents and tenants of YHN

This can be achieved by improving employability and boosting the skills and knowledge levels of the workforce.

YHN is committed to delivering key priorities set out within these strategies.

2. How will we embed this policy through our organisation?

YHN will seek to use its powers to incorporate targeted recruitment and training in its procurement and development contract specifications. We will include:

- A TR&T clause within the tender documentation for appropriate procurements;
- Consideration given within the evaluation process;
- Working with our existing suppliers and contractors to develop TR&T policies;

3. What benefit will Targeted Recruitment and Training bring to YHN tenants and the wider local community?

It will ensure that employment created by new investment in public services and private enterprise will provide residents with employment and training opportunities.

We will achieve this through successful training and development, producing of a local highly skilled and well motivated workforce capable of meeting the skill needs of the city's economy.

Appendix 27 – Supported Factories and Businesses

Article 19 of the public sector procurement Directive states:

"Reserved Contracts Member states may reserve the right to participate in public contract award procedures to sheltered workshops or provide for such contracts to be performed in the context of sheltered employment programmes where most of the employees concerned are handicapped persons who, by reason of the nature or the seriousness of their disabilities, cannot carry on occupations under normal conditions."

1. The 2006 Regulations

The provision on reserving contracts for supported factories and businesses is included in Regulation 7 (public sector) and Regulation 10 (utilities) of the UK Regulations, which implement the Procurement and Utilities Directives. These Regulations came into force on 31 January 2006. They enable YHN to reserve the right to participate in public contract award procedures to supported factories and businesses, or to economic operators, which operate supported employment programmes.

2. What does "reserving" contracts mean?

'Reserving' a contract means that only supported factories and businesses or economic operators operating supported employment programmes can bid for that particular contract. These organisations can be from anywhere in the EU, but where a contract has been reserved under this provision, the process must allow for fair and open competition amongst the suppliers that bid for such contracts. Contracts cannot therefore be reserved for a specific organisation and all bids from supported factories and businesses submitted under the reserved contracts arrangements are still assessed on a value for money basis, with award to the bid offering the best value for money.

It is YHN's decision to decide whether to reserve a contract using this provision. When YHN decides that a contract is reserved, we will indicate this in the Official Journal of the European Union (OJEU) Contract Notice that the contract is "reserved for sheltered workshops under Article 19 of the Directive":

3. Why YHN may reserve contracts for Supported Factories or Businesses

It is our commitment that as far as possible, we give people with disabilities the opportunity to enter the labour market. We believe that our expenditure should be used in a way that supports this objective wherever practical. Reserving contracts for supported factories and businesses also contributes towards meeting our Corporate Social Responsibility objectives.

As a contracting organisation we aim to have at least one contract with a supported factory or business. We will work with our contractors and sub contractors to actively encourage them use support employment organisations. We will do this through relationship management with the supplier and by highlighting the importance of supported employment.

4. Achieving value for money

We recognised that supported factories and businesses already provide a wide range of goods and services across both the public and private sectors, and many are competitive and able to offer value for money within the market sector in which they operate.

Our procurement policy is that all public procurement of goods, works and services is to be based on value for money. Decisions to award public contracts must be made following fair and open competition and with the overriding aim of identifying the supplier that offers the best value for money over the whole life of the contract awarded. Value for money is not about identifying the bid offering the lowest price, it is about optimum combination of whole-life cost and quality to meet the user requirement.

Value for money and the use of reserved contracts can go hand in hand. When deciding to reserve a contract, we have already assessed that supported factories or businesses can meet our user requirement and specifications. We do this by comparing procurement needs, such as the goods or service to be procured, with those offered by supported factories and businesses, for example, we look at what product or service lines they are able to provide that meets our requirements. We then compare/benchmark quality, prices and capacity potential with the rest of the market and against previous contracts for similar goods/services.

5. Removing barriers

In addition to reserving contracts, will aim to ensure that there are no barriers to the participation of supported factories and businesses in procurement exercises more generally, in competition with other suppliers and service providers. So, where a decision is taken not to reserve contracts, contracting opportunities are still made accessible to supported factories and businesses and we will continue to work on encouraging their participation.

Appendix 28 – Sustainable Procurement Statement

For the Economy we will aim to:

- Ensure that local and regional businesses and small to medium sized enterprises are informed and able to do business with us.
- Engage in early, informal consultation with the market, to better understand procurement opportunities.
- Ensure that our procurement processes are proportionate to the size and complexity of the requirement, with award criteria that reflect what we want in terms of quality and delivery.
- Monitor and review our response to sustainable issues within our procurement processes and documentation.
- Explore opportunities for collaboration between public sector bodies to harmonise procurement processes across the region.

For the Environment we will aim to:

- Ensure that in making procurement decisions, consideration is given to what products are made of, where they come from and who has made them.
- Ensure that sustainability criteria are included in the specifications to suppliers.
- Ensure that whole life cost and energy usage cost is considered prior to appropriate procurements.
- Ensure that suppliers understand key sustainability issues so that they can respond accordingly.
- Ensure that items are used with a high recycled content unless it is not economically viable.
- Avoid the use of hazardous materials where possible, and ensure all reasonable environmental controls are used where hazardous materials cannot be avoided.
- Enhance employee awareness of relevant environmental and social effects of procurement through appropriate training.

For the good of Society we will aim to:

- Ensure that the Third Sector and the Voluntary Community Sector are able to do business with us.
- Encourage suppliers to develop a proactive approach to Equalities & Diversity.
- Maximise opportunities for Targeted Recruitment and Training clauses within Works, Services and Goods Contracts.
- Ensure Fairtrade issues are considered in appropriate procurement opportunities.

Appendix 29 – Glossary of Terms

4Cs	Challenge, comparison, compete and consult for Best Value
4Ps	Public Private Partnerships Programme. The local government project procurement agency
ALMO	Arms Length Management Organisation.
Audit trail	A detailed recorded log of all processes taken throughout the procurement lifecycle
Business case	Explains and justifies the procurement, outlines all the benefits including financial
BVPI	Best Value Performance Indicator
CEQ	Contractor Evaluation Questionnaire (used for non-OJEU procurements)
Client	Part of Your Homes Newcastle receiving the Service
Commercial confidentiality	When considering tenders/bids information regarding the organisations participating will be restricted to ensure confidence
Contract monitoring	Process that enables the authority to track a contract and ensure that it is achieving the agreed performance standards
Contract termination	The ability Your Homes Newcastle requires in contracts to end a contract that is failing
CPA	Comprehensive Performance Assessment
CPS	Corporate Procurement Strategy
Deconstruction	Unpick current plans or service
Disclosure	Releasing information (some information is deemed confidential and therefore cannot be disclosed)
Economically advantageous	Would be of financial benefit to the authority
EMAS	Eco-Management & Audit Scheme
E-procurement	Electronic Procurement
EU	European Union
Failing Contract	A contract that is failing to achieve the agreed performance standards
Finance and Resources Committee	A small number of members elected by Executive, to provide guidance and make decisions relating to the implementation of the CPS
Forward Plan	A plan detailing future aims, objectives and actions over a set period of time.

Framework agreement	Agreement allowing the 'calling off' of future service requirements over a period and under agreed contractual terms
Gateway Review	A "fitness for purpose" review of a projects management and progress against plan and programme
In-house option	Option of using YHN as the service provider
In-house service	Service provided internally by YHN
Invitation to Tender	A formal document (including contract terms and award criteria) inviting an organisation to tender to provide service or works to Your Homes Newcastle
ITT	Invitation To Tender
LEGI	Local Enterprise Growth Initiative
LSP	Local Strategic Partnership
Major Project	A Major Project is a non-routine or significant project
Market analysis	Open minded search of the market for possible services that match the set requirements
Members	Your Homes Newcastle's Board members
Monitoring	Means of constant checking of the procurement process and the operation of a contract in practice
NCC	Newcastle City Council
NECE	North East Centre of Excellence
NEPO	North Eastern Purchasing Organisation
OBC	Outline Business Case
OGC	The Office of Government Commerce
OJEU	When a procurement exceeds the set threshold the tender must be advertised in the 'Official Journal of the European Union'
Options appraisal	A step by step process to decide the best option for the delivery of service
Outline Business Case	Provides an understanding of the key details of the project including service implications, business justification and the cost of the project
Outsourcing	Outsourcing is when a service is provided by an external service provider rather than the Local Authority
PFH	Procurement for Housing – purchasing organisation representing the social housing sector
PFI	Private Finance Initiative
POPS	Purchase Order Processing System
PPP	Public Partner Partnerships
PPR	Procurement Procedure Rules which form part of Financial Regulation 8

PQQ	Pre Qualification Questionnaire (used for OJEU procurements)
Procurement Pathway	Detailed step by step guidance on the procurement process from beginning to end
Procurement Policy	Provides set corporate guidance that must be followed when procuring services
Procurement Strategy	A detailed plan for achieving the set aims and objectives for procurement
Protocol	Agreed rules to be adhered to
Public Sector Comparator	A public sector organisation that may be used for benchmarking (comparing with)
RIEP	Regional Improvement and Efficiency Partnership
Risk Management	The process, by which risks are identified, evaluated and controlled
Service Level Agreement	Agreement covering services provided by Newcastle City Council
Service Provider	The organisation providing the service
Service definition	The description of the service to be provided
SIP	Service Improvement Plans – three year plans produced annually
SMEs	Small and Medium sized Enterprises
Soft market testing	Discussions with the market on potential availability of services that might be required
Specialist Procurement	Procurement within a specialist area where specific skills and experience are essential to carry out the procurement
Transaction costs	All the costs of the procurement, including internal and external advisory and implementation costs
TUPE	Transfer of Undertaking (Protection of Employment) Regulations – relating to the outsourcing of service
VCS	Voluntary Community Sector
VFM	Value For Money