

1. Purpose of this Policy

- 1.1 The purpose of this Policy is to ensure that Andium Homes Limited (“the Company”) procures high quality works, goods and services which represent value for money.
- 1.2 To ensure that all tenderers and contractors supplying quotes to the Company are treated in a fair, consistent and transparent manner.

2. Scope

- 2.1 This Policy applies to all types of expenditure undertaken by the Company.

3. Governance Responsibilities

Member	Governance Role
The Board	<ul style="list-style-type: none"> Accountable for ensuring that an appropriate Tendering Policy is in place.
Chief Executive Officer	<ul style="list-style-type: none"> Accountable for tendering in accordance with this Policy and delivering against the business strategic priorities. Responsible for delegating tendering responsibility, to a colleague with sufficient competence and relevant knowledge and experience of the business and tendering requirements and risks.
Executive Team	<ul style="list-style-type: none"> Responsible for ensuring the development, update and implementation of an approved procurement and contracting strategy in accordance with this Policy. Responsible for ensuring that an effective management information structure is in place for capital development tendering that focuses on the key risks associated with tendering.
Chief Governance and Risk Officer	<ul style="list-style-type: none"> Responsible for monitoring compliance with all policies through a programme of internal control activities and regular assessment of their effectiveness. Responsible for maintaining a register of deviations (exceptions) to policy.
Senior Leadership Team	<ul style="list-style-type: none"> Responsible for developing, maintaining and implementing this Policy in relation to tendering under their immediate control. Responsible for compliance with all policies and for regular review of the effectiveness of policy delivery in their service areas. Responsible for the review of this Policy and the Tendering strategies and frameworks on an annual basis.
Head of Construction and Sustainability and Head of Regeneration and Placemaking	<ul style="list-style-type: none"> Responsible for ensuring that capital contractors approved status is maintained by annual review of compliance requirements.
Head of Property and Asset Management	<ul style="list-style-type: none"> Responsible for ensuring the development, maintenance and implementation of an approved Tendering Plan in accordance with this Policy.

Finance and any colleague procuring services	<ul style="list-style-type: none">• Responsible for ensuring that they are aware of this Policy and adhere to it within delivery of their defined elements of the Tendering Plan.
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3.1 Matters reserved for the Board relevant to the tendering policy are as follows:

3.1.1 Responsibility for the overall leadership of the Company and setting the Company's values and standards.

3.1.2 Approval of the Strategic Business Plan, including the annual operational and capital expenditure budgets and any material changes to them.

3.1.3 Review of performance in light of the Company's strategic aims, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken.

3.1.4 Approval of major capital projects and oversight of their execution and delivery in line with the approved Tendering Policy.

3.1.5 The Board may give delegations to the Capital Programme Sub-Group ("CPSG") for all, or some, of the Board's functions under this Tendering Policy for all, or some, capital projects approved within the current Strategic Business Plan.

3.1.6 Any delegated approvals taken by the CPSG shall be reported to the next Board meeting for information.

3.1.7 The Board has reserved responsibility to approve award of contracts that are material strategically, or by reason of size, entered into by the Company in the ordinary course of business, for example, acquisitions or disposals of fixed assets in line with the approved Tendering Policy.

3.1.7.1 . This includes the following contracts:

- Kitchen replacement contract,
- Bathroom replacement contract,
- Response repair contract,
- Void property contract,
- Landscaping contract,
- Cleaning contract,
- Decoration contract.

3.1.7.2 Such contracts will be procured as set out in section 6.1 (if less than £150,000) or section 6.2 (if over £150,000), with approval sought from the Board prior to entering into contract.

3.1.8 Contracts of the Company not in the ordinary course of business, for example major acquisitions or disposals shall be undertaken in line with the MoU (Memorandum of Understanding between the Company and the Guarantor).

3.1.9 Approval of key policies including the Tendering Policy.

4. Policy Principles

4.1 All Company procurement will be undertaken in line with this Policy.

4.2 The Chief Governance and Risk Officer will ensure that the current approved Tendering Policy is communicated to all Colleagues on a regular basis and as part of the induction programme for all new colleagues.

5. Policy Statement and Application

There are 3 broad types of expenditure, namely:

- Acquisition of land (see section 5.1),
- Capital new build development and refurbishment projects (see section 5.2),
- Any other expenditure (see section 5.3).

5.1 **Acquisition of land** - All acquisitions of land are subject to Board and Guarantor approval. This includes acquisitions of land in the open market and site transfers from or to the Government of Jersey.

5.2 **Capital and major refurbishment projects** - These are generally high value and long-term projects to deliver new homes or refurbish existing homes.

Material capital new build and major refurbishment projects (over £1 million) that require capital funding are subject to Board and Guarantor approval.

The Board are provided with regular project updates to enable them to monitor performance, provide oversight and ensure corrective action is taken as required. This will predominantly be in the form of the Board's review of the Business Performance Review, which is provided at least quarterly, as well as through programme or project updates provided via the Capital Programme Sub-Group.

5.3 All expenditure must enable the company to maintain ongoing compliance with the Treasury Management Policy.

6. Procurement

6.1 The method of procurement is dependent on the nature and value of the transaction. This section sets out the tendering policy for all types of expenditure. NB: There is no requirement to re-tender for variation works where an appointed contract stipulates the basis for such works.

Contract value	Tendering policy
Less than £25,000	<ul style="list-style-type: none"> • At least 1 written quote obtained from an approved supplier, which can be in the form of an agreed schedule of works. • Order detailing supplier, summary of works and expected cost is raised by a company officer on QL. • Order approved by an alternative company officer with authorisation limit up to the value of the transaction, as per the financial scheme of delegation (approval of which has been delegated by the Board to the Chief Executive Officer). • For response repair (emergency works), the order can be raised and approved by the same person up to a limit determined on the financial

	<p>scheme of delegation. In such cases, invoices are approved by an alternative company officer (a manager or above). Where emergency work is requested, the company officer requesting the works shall ensure an order is raised and given to the contractor as soon as possible and no later than midday on the next working day.</p> <ul style="list-style-type: none"> • The authorised approver should ensure that the purchase is in line with their respected budget. Where any purchase breaches the budget limit, approval should be sought from the Head of Finance • It is at the discretion of the approver to determine the appropriate documentation required. • Where more than one quotation or tender is received, these should be accepted on the basis of offering best value for money except where the quality of goods or services is a key factor. Where the best price is not selected documentation must be retained which illustrates the selection process followed and the reasons for not accepting the lowest price. • Orders without contract conditions stipulated in a contract must be on the basis of Andium standard terms and conditions unless agreed with the Head of Finance.
Amounts between £25,001 - £150,000	<ul style="list-style-type: none"> • As above except: • At least 3 written quotes each obtained from an approved supplier, which can be in the form of an agreed schedule of works. • There may be instances where less than three quotes are obtained. For example, where three approved suppliers cannot be identified, or the project is urgent. • Additionally, for example with consultancy work, a specific supplier may be identified as suitable because the work is of a specialist nature requiring a supplier with experience in that area and no other similarly experienced consultant is available on island. In all of these cases, obtaining references from previous customers should be considered and written approval is required from the Head of Finance, or the Chief Finance Officer.
Amounts over £150,000	<ul style="list-style-type: none"> • Method of procurement to be determined by procurement strategy • See sections 6.2 to 6.9

6.2 Procurement for projects over £150,000

6.2.1. A procurement strategy setting out the project objectives, timescale, scope, key performance indicators, estimated cost, contract type, health and safety and environmental considerations and risk is approved by the Chief Finance Officer or the Relevant Executive Lead for the project (Senior Reporting Officer (SRO)).

6.2.2. There are two types of tendering process:

- Traditional competitive tender (see section 6.3 for capital project example over £1million).
- Negotiated contract (see section 6.4).

6.2.3. In either tender process, approval to enter into contract is required from:

- The Board, for matters reserved for the Board.
- In line with the Financial Scheme of Delegation.

6.2.4 Other matters, which are common to both tendering processes (and are capital project specific), are set out in section 6.5 onwards.

6.2.5 As stated in 6.2.1 all projects over £150,000 require a procurement strategy. For capital projects over £1million, following the traditional competitive tender route, further steps are required as explained in section 6.3.

6.3 Traditional competitive tender - Major Capital Funded Projects over £1million

6.3.1 Major Capital Projects shall follow the approval process linked to the prevailing Royal Institute of British Architects (RIBA) Plan of Work approval stages.

6.3.2 At the Strategic Definition (RIBA 0 Stage), approval should be sought from the Chief Executive Officer and/or Executive Team for the project to go to Preparation and Briefing stage by the Chief Regeneration and Sustainability Officer and the Chief Finance Officer.

6.3.3 Preparation and Briefing (RIBA 1 Stage) approval for the proposed Delivery Strategy and initial design options, should be sought from the Capital Programme Sub- Group (where delegated by the Board) and for the Initial Budget for the project to progress to Concept Design stage from the Board.

6.3.4 Approval for the preferred Concept Design (RIBA 2 stage) and for any Outline Planning Application should be sought from the Capital Programme Sub-Group (where delegated by the Board). For the project to progress to Spatial Coordination stage and any Heads of Terms for Development Agreements Land Purchase and for any associated Concept Budget for the preferred option, approval should be sought from the Board.

6.3.5 Spatial Coordination (RIBA 3) approval for the Detailed or Reserved Matters Planning Application project and detailed planning application should be sought from the Capital Programme Sub-Group (where delegated by the Board) and Development Agreement approval, final budget and to progress to Technical Design stage should be sought for the preferred option by the Board.

6.3.6 Detailed design, any later procurement framework and pre-tender estimates shall be approved by the Chief Regeneration and Sustainability Officer and the Chief Finance Officer.

6.3.7 The Company's e-sourcing portal (the "e-portal") should be used to record and run the tender process for any projects over £150,000 unless an exemption from this policy is approved by the Chief Finance Officer.

6.3.8 Board approval is required to enter into any major contract (other contracts may be approved in line with the Financial Scheme of Delegation).

6.4 **Negotiated contracts** - A negotiated contract is awarded based on a direct agreement with a contractor or development partner, without going through the traditional competitive tender process. Negotiation should be undertaken only where at least one of the following applies:

6.4.1 There is a demonstrable lack of wider market interest in the project;

6.4.2 Where the contract can only be awarded to a particular contractor or where justifiable concern about over-exposure of the business to a particular contractor exists;

- 6.4.3 Where established and reputable industry standard practice would prevent value for money being obtained unless a negotiated procedure in line with that standard practice were to be adopted and value for money can be demonstrated;
- 6.4.4 In cases of extreme urgency, which must be unforeseeable for reasons beyond the control of the business, must render time limits for tendering impractical as a direct result of the unforeseeable event, but where value for money can still be justified;
- 6.4.5 Where additional repetitive or similar works or services to the original contract are needed that could not be foreseen at the point of award of the original contract.
- 6.4.6 The decision to enter into a negotiated contract process can take place at any stage of a procurement provided that contractors are treated fairly throughout and value for money is demonstrated through a written procurement framework approved by the Chief Finance Officer or the Chief Executive Officer. Negotiated procedures may be for tenderers, for a preferred and reserve bidder or for a sole provider. All decisions should be transparent to interested stakeholders, subject to commercially confidential considerations.
- 6.4.7 The procurement framework should set out the negotiated procedure that shall be followed including the thresholds for demonstrating value for money within the tender (in the form of the technical and financial offers), the documents that should be produced by the parties, the timescale under which the procurement should be conducted, the guidelines for conducting the negotiation and this procurement framework shall be adhered to during the negotiation period.
- 6.4.8 Unless there is only one potential contractor interested in and / or capable of doing the work, a preferred and reserve bidder should be invited as a minimum to negotiate to maintain competition throughout the negotiation. In the event of the preferred bidder not meeting the value for money thresholds, the reserve bidder should be considered in their stead.
- 6.4.9 For capital schemes, the selected preferred contractor may initially be engaged on a consultancy basis, in order that they can inform the design and delivery of a proposed scheme. When the design of the scheme is complete, the selected contractor should provide their contract price. To ensure value for money when using the negotiated contract process, independent cost estimates should be obtained through the design process.
- 6.4.10 Should the negotiated contract sum be more than the cost estimates, the reasons for the difference should be investigated. If the contract sum is not considered to provide value for money, the tendering process should revert to the traditional competitive tender process set out in section 6.3).

6.5 Capital Development Contracts

- 6.5.1 For all major capital development projects (over £1 million), the steps noted in section 6 must be followed prior to entering into contract.
- 6.5.2 This includes obtaining Board or, where delegated by the Board, the CPSG, approval, and ensuring financing is in place to adhere to the Treasury Management Policy. On acceptance of the contract sum, a formal contract should be signed by both parties. An independent Quantity Surveyor should normally be consulted before recommending the form of contract to use.

Generally, capital development projects will use Joint Contracts Tribunal contracts for construction, modified to the bespoke nature of the project and to reflect Jersey Law. The Capital Programme Sub-Group shall review the procurement and contracting strategy for the forward capital development programme on an annual basis.

- 6.5.3 For expenditure contracts reserved for Board approval, noted in section 3.1, Board approval is required prior to entering into contract. For all expenditure, adequate budgets must be in place prior to entering into contract.

6.6 Contingency sum

- 6.6.1 Projects should include an element of contingency, determined by the nature and complexity of the individual project. Where a project construction value is over £5 million, this will usually be determined by a quantified risk assessment and, where appropriate, an optimism bias calculation.

6.7 Contract variation (Capital Projects)

- 6.7.1 The cost implications of every variation shall be assessed prior to the issue of an instruction to commence works, except where immediate action is necessary to prevent danger or damage or would cause significant and irretrievable disruption to the project's critical path. In such cases, the cost implications shall be assessed as soon as possible after the instruction is issued.

- 6.7.2 There are two types of variations, essential and non-essential variations; the description of each and how each is to be dealt with is given below.

6.7.3 Essential Variations

6.7.3.1 An essential variation is where a variation is necessary for the completion of the works in compliance with the contract and for unforeseen health and safety or legal compliance. The cost of essential variations shall be set against any available contingencies or accrued savings made in the contract, or elsewhere in the project budget.

6.7.3.2 Where there is sufficient contingency, essential variations can be approved by company officers in line with their approval limits set out in the financial scheme of delegation. For all other essential variations, approval is required from the Chief Finance Officer or the Chief Executive Officer.

6.7.3.3 The Board and, where delegated by the Board, the CPSG, will be provided with regular updates on such matters, predominantly in the form of the Business Performance Review.

6.7.4 Non-Essential Variations

6.7.4.1 Non-essential variations are those that fall outside the definition of essential variations given above and normally concern such things as extra work not directly arising from the project but work that needs to be done and where savings can be made by doing the work while the project work is progressing. Non-essential variations that can be contained within the project budget require approval by the Chief Finance Officer or the Chief Executive Officer. Non-essential variations which cannot be contained within the original budget require the approval of the Board or Capital Programme-Sub Group where delegated authority has been given by the Board.

6.8 Exceptions to the procurement policy for contracts over £150,000

6.8.1 Only in exceptional circumstances should the above process not be followed in full. Where this is the case, approval should be sought from the Chief Executive Officer or the Chief Finance Officer, or the Board if the matter requires Board approval.

6.9 Company credit cards

6.9.1 With approval of the Chief Finance Officer, individuals are provided with company issued credit cards with a specified spending limit. All purchases are subject to this Tendering Policy.