

Guide to Low Value Procurement

Introduction and Purpose

This guide has been developed to assist colleagues who need to purchase goods, services, works or consultancy with a value that is under £10,000 including all fees and VAT.

Any single purchase, or any repeat purchase over the course of the proposed term that is likely to fall into this spend bracket requires the relevant budget holder to ensure that Value for Money (VfM) is achieved.

This guide will give some simple practical advice on how VfM can be identified and achieved when making small scale purchases.

Any single or repeat purchase which exceeds the £10,000 threshold should be handled in line with the respective supporting guides.

You may find that what started as a low value purchase has developed into a higher value requirement. In these circumstances, your approach should be revalidated using the appropriate guide. Where possible, budget holders are encouraged to evaluate all spending on a cumulative basis and where necessary follow the appropriate procurement route with a view to implementing longer term agreements and/or contracts.

Prior to any purchase, you must check the Leeds Federated Contracts Register to ensure that an existing agreement covering your requirement is not already in place. Where an existing agreement or contract is in place, you must contact the relevant Contract Owner to discuss next steps. Wherever possible, creating new supplier records for the Association should be avoided.

If you would like any further support or guidance on any procurement matter, please contact the Procurement Team for further information.

Achieving Value for Money

Leeds Federated has a duty to ensure and demonstrate VfM in the delivery of services. VfM can be described as a balance between costs, quality, and performance.

Leeds Federated defines VfM as the relationship between the 'Four Es':

- Economy – achieving cost savings
- Efficiency – getting more from our existing resources
- Effectiveness – achieving better outcomes
- Equity – ensuring fair decision making and distribution of our services to customers

It's important to get the best price for your purchase, but it's equally important to consider the quality and efficiency of not only your purchase, but the effects of your purchase.

All colleagues have a responsibility to ensure that the goods, works, services and consultancy we are responsible for buying deliver VfM.

Each purchase made is likely to have a different set of consideration, but prior to making any purchase you should consider the following questions as part of the VfM Test:

Question	Considerations
Is my purchase essential?	Are there any alternative ways to satisfy the requirement(s) or is there something already available to you that can be adapted or used in a different way which means you don't need to spend money?
Does my purchase add value?	What are the benefits of making the purchase, are the benefits worth the amount of money you propose to spend and does the purchase provide opportunities to save money elsewhere or in the long run?
Do I have the authority to make the purchase?	Refer to the Leeds Federated Financial Standing Orders (FSOs). If you are unsure, contact the Procurement Team for clarification.
What is the total cost of my purchase?	There is a distinct difference between the cost of a purchase and the price of a purchase. You should consider what the associated costs of your purchase are including on-going maintenance or consumable costs, and costs for enhanced administration or similar. Try to consider all relevant costs of your purchase when making a purchasing decision.
Does my purchase fix the problem?	Does the proposed purchase satisfy the requirements, is it fit for purpose or is there a more appropriate product or service available? Your purchase should ideally cover all of your initial requirements. It's important to consider these prior to making a purchasing decision so that you buy the right item or service.
Am I buying the right product / service / solution?	Has your purchase been specified correctly? It's important to try and anticipate current and future requirements, but it's equally important not to over-specify your requirement.
What effect will my purchase have?	Try to consider what the implications of your purchase are, both in terms of time and effort required to manage the purchase and the effect it will have on others.
Have I considered all of the factors?	Does the quoted price include all services such as delivery, warranties, maintenance etc.? Will it be delivered on time and what are the implications of non-performance?
Am I buying the right quantity?	Often buying more will result in a lower price, however buying in bulk when not required could cost more in the long run.
Am I confident I have been given a good price?	It's not always practical to get competitive quotations for every purchase up to £10,000 including VAT, but where possible you should test the market to ensure you have been given a fair price.
Is this the supplier's best price?	It can sometimes be surprising how quickly suppliers will offer discounts when asked, don't be afraid to ask for a better price or discount.
Does my purchase add value to the local community?	Wherever possible, local suppliers and providers should be given every opportunity to provide the requirement in line with the ethos of Leeds Federated.

Obtaining Quotations / Estimates

A full competitive procurement process does not have to be undertaken when securing a purchase valued up to £10,000 including VAT. However, where practicable and when time permits, colleagues should aim to secure additional estimates for the requirement(s) when proposing to spend up to £10,000 including VAT. Records of quotations and estimates should be kept on file, and budget holders may make use of local businesses and internet searches to find potential suppliers.

Terms & Conditions / Contracts

Whilst purchases up to a value of £10,000 do not require a formal contract, colleagues that wish to utilise a contract may issue an approved form of contract. Approved contracts will generally consist of the Association's standard goods and services or works contract, or an appropriate standard form of building contract such as an JCT or NEC form of contract.

In certain circumstances, you may be required to sign a supplier's standard agreement. In this event, a copy of the proposed agreement should be evaluated to ensure that the Association's best interests are maintained, and the terms offered would not be detrimental to Leeds Federated.

Where contracts and / or agreements are to be signed, colleagues must ensure that the total value of the agreement has been considered when selecting the procurement route, and that agreements are signed in line with the Leeds Federated FSOs.

Payment Terms

The standard payment terms of Leeds Federated is 30 days from invoice and delivery, which are reflective of the requirements of the Procurement Act 2023. Wherever possible these terms should be adhered to.

Payment in advance of delivery should be avoided where possible.

In exceptional circumstances, where it cannot be avoided, payments in advance of delivery can be arranged; however, every effort to avoid this should be made.

Recording Value for Money

You must keep records of your low-level purchases and be prepared to evidence that you have achieved VfM.

Contracts Register

Upon completion of any low value procurement, details of any ongoing agreement(s) must be recorded in the Leeds Federated Contracts Register. The Contracts Register enables the Association to evidence all agreements currently in place and allows colleagues to identify and utilise any existing agreements that are in place without the need to carry out further procurement activity.

Summary

Leeds Federated has a responsibility to demonstrate that value for money is sought in all purchasing activity.

Colleagues making purchases up to £10,000 including VAT should be in a position to clearly demonstrate and evidence that VfM was considered prior to the purchase being made, particularly with regard to engaging local providers and where possible delivering benefits to our communities.

For purchases up to £10,000 including VAT, colleagues must obtain a minimum of one written quotation, and where possible should obtain additional quotations to evidence VfM.

All completed low value procurement that establishes an ongoing agreement should be recorded in the Leeds Federated Contracts Register.

The questions set out in this guide should act as a starting point for your purchasing decision, but each individual purchase that is made is likely to have its own set of circumstances which will define the best way to identify and achieve VfM.