Mutual Energy Limited – Procurement Policy Summary Document

mutualenergy

A Northern Ireland company
working for consumers

1. Scope of the Mutual Energy Procurement Policy

Mutual Energy is a major player in the Northern Ireland energy sector, managing critically important gas and electricity assets.

We aim to manage our assets to the highest standards of safety, reliability and efficiency, whilst reinvesting any money we earn for the long term benefits of energy users in Northern Ireland.

A robust, responsible and sustainable procurement approach is therefore central to our business operations, ensuring we comply with all relevant legislation and guidance, whilst maximising the potential output and savings for Northern Ireland consumers.

All purchasing/procurement activities carried out by any employee or representative of Mutual Energy and its group of companies must meet statutory requirements, comply with the Group Procurement Policy, of which this document provides a summary, and other relevant Mutual Energy Policies.

2. Principles to be adhered to for purchasing

The following principles should be adhered to in procurement of any goods, services or works on behalf of Mutual Energy:

Legal Compliance

The Company is bound by The Procurement Act 2023.

The procurement of the supply of goods, services or works with a total value (best estimate) greater than the current relevant threshold figure, over the life of the contract (including any options or extensions), must be done so through the Find a Tender service and in strict compliance with the requirements of the Procurement Act 2023.

Conflict of Interest

Potential conflicts of interest that the company or individual involved in the procurement process may have with any potential supplier should be declared at the outset of the tender.

Value for Money

Quotations and tenders should be evaluated not only on competitiveness in pricing but also the quality of the products/services.

Records

All relevant documentation from the tender process should be accurately filed and retained.

Compliance with Company Health & Safety Policy

Any evaluation of the purchases of goods, works or services must take into consideration compliance with the Mutual Energy Health & Safety Policy.

Compliance with Company Environmental Policy

Any evaluation of the purchases of goods, works or services must also take into consideration compliance with the Mutual Energy Environmental Policy and Environmental Management System.

Where relevant and proportionate, consideration should also be given to including a requirement in the contract to report carbon emissions, waste disposal and water usage. The contract terms and conditions should also include any relevant requirements in relation to demonstrating low carbon resource efficiency and requirements to reduce carbon emissions where possible when carrying out the contract provision.

Consideration of cyber security for Operational Technology (OT) services

Any procurement process in relation to OT services should give consideration to the Mutual Energy Cyber Security policy to ensure that suppliers have the ability to implement the required standard of controls and processes in our OT environments.

Supplier Relations

Mutual Energy will only do business on terms that are consistent with the Group's Business Principles.
Building trust and collaboration with key suppliers and contractors is encouraged where there is the likelihood of ongoing association and perceived benefit to both parties.
Mutual Energy aims to be seen as an attractive client, as being progressive, efficient and reliable.

Gifts & Hospitality

Company employees should avoid accepting hospitality or gifts, which might appear to place them under an obligation.

Ethics

All Contracts and Procurement activity must be conducted with integrity and ethical behaviour consistent with the Mutual Energy business principles.

3. Procurement Process

Scope

In the course of fulfilling their role, any Company employee is likely to identify a need to purchase goods, services or works on behalf of the Company.

In the context of the Procurement Policy, purchase includes:

- Purchases of any value e.g. purchasing paper for the photocopier to establishing a long-term contract for delivery of a key operational service such as grid control.
- Purchases of any type e.g. a one-off purchase, placement of a term contract, placement of a framework contracts, or establishment of a preferred vendor list.

Guidance

Materiality

The number of steps, the level of detail, the allocation of resources and the detail within each procurement step should be determined based on the metric of contract value.

Approval

All commitments to purchase of £7,000 and above (per annum) should have a Contract Strategy Document prepared and submitted for approval within the relevant delegated internal financial approval limits.
Further approval should be sought for any material deviation from the Contract Strategy.

Single Sourcing

Justification for single sourcing any contract of £7,000 and above per annum must be documented and presented for approval.

Choice of Procurement Process

Unless there is a justifiable reason, competitive flexible tender processes should be used.

Early Market Engagement

Early market engagement should be considered, particularly where an upcoming tender is above threshold, where the services or goods are quite specialised in nature, or where we know there hasn't been a high level of interest in the past.

Selection of Terms and Conditions

During each procurement process, the contract should be assessed to see what best form of contract is most appropriate for the services.

For material contracts, the selection of terms and conditions should be considered in detail within the contract strategy.

Requirement for Contract Management Plan

For contracts with an expected value of £1,000,000 and above, a Contract Management Plan (CMP) must be included as part of the Contract unless there is a clear reason not to.

Evaluation Criteria

The contract Strategy must establish objective criteria for the pre-selection of contractors and suppliers and evaluation of offers of contract.

Suppliers and contractors are expected to secure work on the basis of quality, timeliness, cost and Health & Safety & Environmental performance of their products and services.

Contract Award Process

On completion of a procurement process, all contract awards must be documented and approved and any specific conditions associated with the Contract approval should be noted and

adhered to (in line with financial authority limits) and before any final commitment is made to a contractor or supplier.

Policy Requirements during Contract

Variations, Amendments, Extensions, Claims

Contract variations, amendments or extensions must be strictly controlled to ensure that scope extension does not occur in an uncontrolled fashion.