



PROCUREMENT STRATEGY 2010 - 2014

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Promoting Value for Money,
Transparency & Fairness with a
Customer Focus

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1 Glossary of Terms

BME	Black & Minority Ethnic
CHAS	Contractors Health & Safety assessment Scheme
CIPS	Chartered Institute of Purchasing & Supply
DMBC	Doncaster Metropolitan Borough Council
EMT	Executive Management Team
EN Procure	A project of Efficiency North
FSC	Forest Stewardship Council
ITT	Invitation to Tender
KPIs	Key Performance Indicators
LHC	London Housing Consortium
NHC	Northern Housing Consortium
OGC	Office of Government Commerce
PfH	Procurement for Housing
PQQ	Pre Qualification Questionnaire
RIEP	Regional Improvement and Efficiency Partnership
SCMS	Supplier & Contract management System
SEP	Social Enterprise Partnership
SLHD	St Leger Homes of Doncaster
SME	Small to Medium size Enterprise
VfM	Value for Money
WRAP	Waste and Resources Action Programme
YPO	Yorkshire Purchasing Organisation

2 Purpose.

This document sets out St Leger Homes of Doncaster's strategic approach to procurement. The Procurement Strategy highlights the benefits which St Leger Homes of Doncaster can gain from effective procurement, identifies current best practices, actions implemented since the previous strategy (Appendix 1 Completed Actions) and areas of improvement which are to be addressed (Appendix 2 Action Plan).

As St Leger Homes of Doncaster, our Vision, Values and our strategic Priorities are;

Our Vision

- ◆ Delivering Excellence
- ◆ Customer Focussed
- ◆ Quality Homes in Quality Neighbourhoods

Our Values

- ◆ Fairness
- ◆ Excellence
- ◆ Empowerment
- ◆ Linkages

Strategic Priorities

- ◆ Achieving Excellence and having it recognised by the Audit Commission
- ◆ Improving our performance and the way we manage performance
- ◆ Ensuring we deliver VfM by making best use of our resources
- ◆ Improving our communications both within our organisation and with others
- ◆ Ensuring we are a customer focused organisation by putting our customers at the heart of what we do
- ◆ Maintaining and improving our assets by investing wisely and managing our stock
- ◆ Supporting communities through social regeneration activities

SLHD is committed to providing an excellent service whilst maintaining value for money for the benefit of our tenants, staff and other stakeholders. We do this by working closely with our customers and our suppliers, to drive down costs through using innovative techniques, to gain efficiencies and to find ways to improve the service provided. We endeavour to share any benefits gained with all parties, to help ensure continued support from all quarters.

3 Introduction

SLHD is an Arms length management organisation, a company limited by guarantee, wholly owned by DMBC. It provides services for the Council under the auspices of a formal Management Agreement with the Council.

This strategy sets the framework within which SLHD will procure, to ensure Value for Money using Best Practice, incorporating the values of sustainability, equalities and diversity. It encourages innovation and continuous improvement and ensures that SLHD operates within an environment of economy, efficiency and effectiveness. Achievement of this strategy will be reviewed as part of our performance reporting regime. It replaces the Procurement Strategy agreed by the Board in 2008.

4 Procurement Overview

The Procurement Strategy seeks to support the organisation in meeting the strategic objectives.

SLHD are responsible for procuring Goods & Services as effectively as possible. Value for Money is high on our agenda.

SLHD spends approximately £60 million on Goods, Services and Works per year. It is the responsibility of the Procurement Team to ensure SLHD compliance with The Public Contracts Regulations 2006 and its amendments, which encompass EU Directives, Rules and Regulations. The Procurement Team review procurement requirements within SLHD and advise the best strategy to adopt. We also follow our own internal Governance, i.e. Contract Standing Orders and Financial Regulations.

We are fair and transparent in all we do, demonstrating that we are working to best Procurement Practice.

All savings made enable us to invest more in areas where we can achieve increased benefit for SLHD and our tenants.

5 Value for Money

For effective procurement we have to ensure we obtain Value for Money, using an appropriate balance of cost and quality. We value: our tenants and their diverse needs, our environment, our staff and stakeholders. In trying to be efficient we do not want to be an organisation that knows the price of everything and the value of nothing.

A key part in this process is the embedding of VfM ideals throughout the organisation, to increase staff awareness of the potential for efficiency, and identifying areas where we can work smarter to drive out costs, through the use of functional specifications,(output based) and effective procurement. In order to demonstrate VfM we will benchmark our top 100 items (by value) annually using data from Consortia.

This Procurement Strategy is designed to work 'hand in hand' with SLHD's Value for Money Strategy, Business Plan and Investment Strategy exploring all ways to drive down costs whilst increasing value. We target savings on Goods and Services in line with the National Procurement Strategy as a minimum (2–5%). All savings are recorded on our Innovation & Efficiency Register.

6 Procurement Cycle

The Procurement Process commences with the identification of a need. We then work with our clients to refine the procurement requirements and best route of supply. This may include; in house provision, shared services, existing framework agreements or consortium arrangements.

In the next step, working with our customers, we produce a comprehensive specification / brief to clarify requirements. At this time it is expected a number of potential sources will have been identified and this knowledge of the market will help to devise a strategy which will ensure each procurement exercise will have the desired outcome and will provide value for money.

Quotations and tenders are assessed using pre-determined scoring mechanism of how the contract will be evaluated. This information is given to all tenderers, with the brief, to ensure VfM, transparency and fairness.

We will utilise the OGC Gateway Review process where appropriate. This requires us to examine in detail the progress at each stage of the process to ensure the strategy being used is delivering the anticipated results.

Contracts are put in place with the supplier/contractor who can demonstrate best value for money based on whole life cost principles, with the prospect of excellent service delivery. These Contracts will define supply costs and outputs to be delivered.

Once Contracts are established they must be communicated throughout the organisation to ensure all those involved or who could benefit are aware of the Contract and their role in ensuring SLHD get maximum benefit.

Effective contract management then ensures successful and efficient service delivery, improvement of services, modernisation and innovation.

7 Why is Procurement Important?

The Procurement Team are key in achieving value for money for SLHD. The value and variety of services involved in the procurement activity consumes significant resource, which the Procurement Team manage. We work with and actively encourage all our suppliers to devise innovative ways to improve service levels whilst at the same time reducing costs.

The Procurement Team monitor and aggregate SLHD spend and advise on the best Procurement process for any requirements within SLHD. The method

of procurement can vary from following the EU Procurement Directive and advertising our requirements in the 'Official Journal of the EU' followed by a qualification process and tendering, to simply advising of existing arrangements we have in place.

We contract manage our suppliers on a strategic level to ensure performance meets or exceeds our expectations. In addition we monitor Health & Safety, Equality & Diversity, sustainability and environmental issues to ensure these are maintained or improved throughout the life of the contract. We have regular reviews with the suppliers and key customers within SLHD to ensure Contracts are still working to the benefit of all parties and to try to find ways to continually improve the quality of service and reduce costs. We have a tiered approach to dealing with the SLHD spend;

We focus more on high value procurements than low value. We also factor in how strategically important the procurement is and how easy it is to obtain (multiple suppliers v single source). This strategy ensures that any cost savings are optimised (1% saving on a £1 million Contract is worth much more to us than 20% on £100) and we ensure the goods and services that are essential to run our business are procured when required and as cost effectively as possible.

8 Aims and Objectives

This strategy will deliver effective procurement across the whole of SLHD. The action plan (Appendix 2) explains where we want to be and how we will get there, over the next four years to improve service levels and drive out costs whilst ensuring we promote Health & Safety, Equality & Diversity, sustainability and environmental issues.

Sound procurement practices are central to achieving SLHD priorities and objectives. The key priorities of the SLHD procurement strategy are:

- ◆ All procurement activity will support SLHD aims and objectives.
- ◆ To provide a strategic approach to procurement, thus ensuring the co-ordination of procurement activity and helping to achieve optimum resource allocation whilst avoiding duplication of effort and co-ordinating spend across the organisation.
- ◆ To obtain the best possible value for money across the whole organisation whilst ensuring that goods and services are fit for purpose.
- ◆ To ensure compliance with EU Directives and UK Procurement Regulations.
- ◆ To promote and stimulate the local economy and encourage the local supplier market, including voluntary and community sector suppliers.
- ◆ To ensure we address diversity,

- ◆ To actively promote sustainability and environmental issues.
- ◆ To seek efficiency savings and quality services through innovation and best practice, in collaboration with other bodies where beneficial.
- ◆ To secure commitment to effective procurement from members and officers at all levels throughout the organisation.
- ◆ To promote the mission, vision and values of the organisation and its Business Plan objectives.
- ◆ To ensure suppliers and contractors are selected and managed using robust, effective and transparent procedures.
- ◆ Continue to rationalise the supplier base, to allow us to work more effectively with fewer suppliers whilst ensuring the supply base is aligned with the requirements of both internal and external customers. We have reduced the supplier base by 30% on stock materials over the last 12 months.
- ◆ To promote the standardisation of goods, materials and components used. This provides economies of scale, reduces stockholding and reduces transaction costs, as well as helping to ensure our properties are maintained to decency standards for the benefit of our tenants.
- ◆ To raise the profile of the procurement team within the organisation by providing a first class service to all, raising awareness of the benefits of effective procurement, compliance with regulations and reduction of inappropriate and inefficient spend.
- ◆ To help ensure internal services are cost effective and efficient and offer optimum value for money for the organisation,

9 Key Drivers

SLHD have a number of drivers that will be embedded into its procurement strategy and day-to-day working practices. Drivers consist of national drivers and local drivers specific to the Borough of Doncaster.

9.1 National Context

Effective procurement is high on the governments' agenda. Public sector procurement has been criticised in recent times, various reports and reviews have highlighted that strategic procurement is an essential element in providing cost effective and efficient services. The most recent reviews and reports that have been the key drivers are:-

The 2007 Comprehensive Spending Review (CSR07).
All public services have been set a target of achieving at least 3% net cash-releasing efficiencies over the period 2008-09 to 2010-11. Councils are expected to achieve £4.9 billion cash-releasing efficiencies by 2010-11.

This Procurement Strategy is the means by which we will deliver national and local objectives.

9.2 Local Context

The following initiatives are specific to SLHD and Doncaster Borough Strategy

9.2.1 SLHD Business Delivery Plan

Included in the Business Delivery Plan is the objective of achieving value for money and efficiency savings, which can be re-invested into service delivery improvements. Specific objectives from the Business Delivery Plan are as follows:-

Implement a Strategic Partnering Alliance, which encourages performance between contractors and provides SLHD with complete flexibility on how it deals with the five-year strategic direction of the investment programme.

Develop a procurement service that fully meets the Respect/Equality Standard.

SLHD entered into several contracts during 2007 specifically focused around Partnering for delivery of Decent Homes Works. Through these arrangements, SLHD seeks to drive Continuous Improvement and Efficiencies and achieve the objectives set out in the Business Delivery Plan.

SLHD are part of the EN Procure (part of Efficiency North) core team and are a key player in the development of new Framework Agreements for materials.

9.2.2 SLHD Investment Strategy

This Procurement Strategy will sit alongside the Investment Strategy, supporting and underpinning procurement activities that will impact on the performance and delivery of value for money for all stakeholders.

Doncaster's Sustainable Borough Strategy 2008-2025 is the key long-term document for improving quality of life in Doncaster. It includes 7 priority themes:-

- ◆ A Prosperous Place (Economy);
- ◆ Skills & Lifelong Learning;
- ◆ Healthy & Caring ;
- ◆ Safer, Cleaner & Greener ;
- ◆ Improving Neighbourhoods Together (Cross-cutting);
- ◆ Equality of Opportunity (Cross-cutting);
- ◆ Environmental Sustainability (Cross-cutting).

Doncaster's Local Area Agreement 2008-2011 is the delivery plan for the long-term priorities in Doncaster's Sustainable Borough Strategy. It sets out the Shared Priorities that the Council and its partners have committed to deliver for Doncaster people over the next 3 years.

SLHD is committed to working with DMBC and local public bodies to achieve local regeneration. This will involve SLHD working with public, private, social

enterprise and voluntary sector organisations to achieve quality outcomes for the benefit of the local community. Clear policies will be developed that state the organisations objectives in relation to working with these areas.

10 Procurement for the 21st century – Where we want to be

As a modern procurement function we are focusing on the following areas:-

- ◆ E-procurement solutions.
- ◆ New Areas of Work
- ◆ Collaboration, Partnering & Consortia.
- ◆ Spend Analysis
- ◆ Contracts Register
- ◆ Communication
- ◆ Customer Focus
- ◆ Competitive Dialogue Process
- ◆ Web Site
- ◆ Standardised and Simplified Documentation
- ◆ Effective Governance & Accountability
- ◆ Sustainability (Social, Economic & Environmental)
- ◆ SME Concordat
- ◆ Value & Strategic Importance
- ◆ Key Performance Indicators (KPI's)
- ◆ Contract Management
- ◆ Guidance
- ◆ External Challenge
- ◆ Procurement Toolkit
- ◆ Training & Development

Significant progress has already been made in many of these areas (Appendix 1), with further improvements identified, but still to be implemented. See attached action plan (Appendix 2).

10.1 E-Procurement Solutions

SLHD have embraced the e-procurement agenda, this can be demonstrated in the following areas:

All tender opportunities are carried out electronically through our Supplier Contract Management System, (SCMS), as well as our own website. Details are also forwarded to local SEP and organisations which represent local SME's etc. This provides a robust, transparent and fair process which allows us to demonstrate compliance with regulations.

E-business for ordering of stationery and related products, reducing the number of orders raised (hence reducing 'back office' costs) and simplifying the process.

E- business for all agency staff, provided via a contract developed in conjunction with DMBC, which allows numerous agencies to supply manpower to SLHD through a single e-market portal.

Use across the organisation of the Government Procurement Card for low value transactions, specifically for materials which are not available from SLHD stores, ensuring tradesmen are able to complete jobs without problems caused by lack of materials.

We have participated in an e-auction for stationery with DMBC. Efficiency North (EN) Procure are to run a number of e-auctions, SLHD will have positive involvement in the initial assessment and weighting of the suppliers and will help in the monitoring of the process, through to finalisation of the process and Contract award. E-auctions provide an effective way to drive down purchase prices in a fair and open but highly competitive environment.

Our planned automation of the procurement process across the organisation will:

- ◆ Create cashable and non cashable efficiencies in terms of reduction of creating and sending orders.
- ◆ Allow easier creation of orders by depot staff, using Framework Agreements.
- ◆ Drive consolidated and electronic invoicing.
- ◆ Ensure all purchases are made from approved/authorised suppliers at negotiated rates.

10.2 Collaboration, Partnering & Consortia

SLHD are committed to working with suppliers in the spirit of collaboration and partnership even in the absence of a formal Partnering Arrangement. Our objectives are to deliver better value services through the development of sustainable relationships. We do this by creating mutually beneficial, flexible, long-term relationships based on the sharing of risks and rewards and achievement of continuous improvement.

Collaboration, Partnering and Consortia arrangements not only drive out costs but are a good benchmarking tool to ensure value for money and to share best procurement practice and market knowledge with other procurement professionals.

We collaborate with public sector bodies at local, regional and national levels to obtain better value by combining buying power, sharing knowledge and best working practices.

We link into Regional Improvement & Efficiency Partnership (RIEP's), who through local area agreements support local authorities in their efforts to become more efficient and innovative in the way they deliver services, responding to the needs within the economy and engaging with their customers.

Partnering is considered when developing major contracts, such as those

which are considered to be high risk/high volume or those which cannot be obtained through a framework agreement.

SLHD have effective partnering arrangements in place for the delivery of the Decent Homes Programme.

We encourage suppliers to work 'Open Book' with us. This allows the highlighting of areas where there could be potential to work together to improve efficiencies and drive out unnecessary costs whilst ensuring acceptable margins are maintained.

10.3.1 Consortia

SLHD continue to take a proactive approach to wider involvement with other similar organisations and partners, seeking opportunities for effective collaboration in all areas. We have utilised numerous Consortia Framework Agreements and will continue to use them where we can demonstrate they deliver value for money for SLHD.

St Leger Homes is an active member of the Efficiency North Consortia, whose primary vision is to be recognised across the region as the Procurement Practitioners Network for Best Practice in Housing Maintenance and Construction.

Our membership delivers a common goal amongst fellow professionals, in sharing best practices and improving the performance and efficiency through benchmarking and collaborative procurement activities.

It is estimated that the Framework Agreements which the Efficiency North Consortium members are currently developing will reduce costs by as much as 10%. We are key members of the consortium, currently leading on behalf of all other member organisations for the Framework Agreements for materials. Once the Agreements are in place with Suppliers / Manufacturers, the day to day management of the order processing will be carried out by Valueworks, using their e-Marketplace software.

We also utilise Framework Agreements developed by other consortia organisations such as OGC, LHC, PfH, NHC, YPO etc. where they can provide Value for Money.

10.3 Spend Analysis

We review SLHD expenditure annually. By categorising all our purchases of Goods and Services we are able to aggregate the spend to highlight areas where we do not have contracts in place. By managing this we ensure we comply with the requirements of the EU Procurement Directive and also obtain VfM for SLHD. We have a strategic review of these categories, which; determines if we can develop existing arrangements to cover additional requirements, or we use the output from this work to drive our programme of tendering and developing new Contracts alongside the renewal of existing Contracts.

10.4 Contracts Register

SLHD have continued to develop its contracts register, which gives details of all current contracts let by SLHD, as required by our Financial Regulations. In conjunction with analysis of our spend, these help to plan future Procurement requirements and contracts. All contracts let by SLHD are being written to allow novation to DMBC at some future date if required.

10.5 Communication

We recognise that we need to develop improved communication lines within SLHD. We currently work closely with our customers to develop arrangements to satisfy their requirements. We are developing improved communication methods to inform other service areas within SLHD, who might gain some benefit from arrangements we put in place. With assistance from the Communications Team, we will strengthen the Procurement Web Site and also, the way we notify key personnel of the arrangements we develop. This will allow SLHD to maximise the benefits of any procurement arrangements we develop.

We will also liaise with tenants and stakeholders to ensure their requirements are incorporated in to procurement decisions. A number of tenant representatives have taken part in Efficiency North workshops to support their participation in the EN Procure project.

By promoting the value that more efficient procurement can add to the organisation through improved service levels and savings allowing additional works to be carried out, we will encourage best procurement practice.

10.5.1 Website

We are developing a library of documents on the SLHD Procurement Intranet for use by staff. These documents will be incorporated into a Procurement Manual, to be held on our website, which will cover all procurement activities and will provide guidance to all SLHD staff.

We will continue to develop our Internet website to help suppliers to understand our requirements and to give guidance in how to do business with us. All our future identified requirements are detailed on the website as well as on SCMS and other sites, this is to help local businesses and social enterprises to engage with us.

10.5.2 New Areas of Work

By demonstrating the value we add and the standards of service we provide, SLHD staff will come to us out of preference not just because of mandatory requirements. The Procurement Team should be involved in all projects from the outset so they are able to give strategic procurement advice to ensure maximum benefit from an early stage.

We are currently liaising with Business Planning and Investment regarding a potential major project for upgrading tower blocks.

10.5.3 Customer Focus

Throughout the procurement process we engage with tenants, staff and other stakeholders to ensure their needs are considered. This focus improves the tenant experience with improved response times for repairs and maintenance, increased fix on first visits. Recent successes are; paint packs delivery direct to tenants, boiler service engineer employed by the manufacturer to repair boilers which are still under warranty on the first visit to the property.

Our Board members and tenants carry out assessments of suppliers submissions as part of the selection process for important procurement exercises.

10.6 Competitive Dialogue Process

We have utilised the Competitive Dialogue Process for procuring a complex IT system. We will continue to use the process where appropriate, for complex procurements where it is not possible to confirm our precise requirements at the outset and how they match with what is currently available in the marketplace or could be developed.

10.7 Standardised and Simplified Documentation

A suite of documents is being developed, using OGC literature and guidance, in consultation with the Council's Legal Team and Corporate Procurement Team where appropriate. The documents cover:

- ◆ Pre qualification questionnaires.
- ◆ Invitation to tender.
- ◆ Form of Contract.
- ◆ Standard Terms and Conditions of Contract.
- ◆ Contract management templates.
- ◆ Contract exit documentation.

Amendments to these standard forms are made as and when required to suit the particular requirements of the procurement in question. The standardisation and simplification of these documents is making the procurement process more user friendly for suppliers, and will provide efficiency savings in terms of officer time in assessing supplier's submissions and contract documentation. As part of the process we have included workshops with local SME's to obtain feedback on what we propose and to help stimulate engagement.

In addition to the standard documents, evaluation model templates are being developed for all stages of the tender process. This allows transparent evaluation of all expression of interest responses and gives the organisation certainty that all responses are evaluated on a fair and equal basis by panels comprising of tenants, and board members as well as staff. We also intend to produce a 'How to' guide to help tenants, board members and other stakeholders when they assist us in evaluating supplier submissions.

This simplification exercise will assist all suppliers including SMEs to engage with us. By focusing only on key areas which allow us to differentiate between suppliers, we have significantly reduced the time and effort dedicated to form completion by all potential suppliers. A further benefit is that we have reduced the time needed for us to assess responses.

These documents will be reviewed annually to ensure compliance with current legislation.

10.8 *Effective Governance & Accountability*

We have established strong and effective governance. We monitor and report to EMT and to our Board quarterly the Contracts we have placed and those which are being developed. We will also include in this report details of Strategic Contract Reviews undertaken. Feedback from these reports contributes to continual improvement in our procurement activities.

We continuously review the effectiveness of our procurement exercises and their outcomes.

Our policies on communication and engagement with tenants, board members and all stakeholders; service users, customers, communities, trade unions, staff, contractors and suppliers contributes to the transparency and accountability of the procurement process.

10.9 *Sustainability (Social, Economic & Environmental)*

The links to procurement include

- ◆ the type and source of natural resources used,
- ◆ pollution produced
- ◆ ethical implications associated with the manufacture
- ◆ use and disposal of the goods and products that we procure.

All procurements have regard to environmental and sustainability impact. These issues are considered and addressed when writing specifications, evaluating tenders and throughout the delivery of the contract. Sustainability and environmental issues are key elements of the menu of assessment criteria from which we select to enable us to evaluate supplier's submissions. The depth of questions used vary according to the product / service being procured and are determined in conjunction with the client. This strategy ensures SLHD considers environmental impact and sustainability and links into our Green Strategy alongside the quality of service provided and VfM.

We are actively working with our current suppliers to ensure the materials supplied meet industry standards/best practice such as FSC, low carbon and general reduction of carbon emissions through deliveries direct to site and set delivery schedules.

10.10 *SME Concordat*

SLHD follow the OGC guidance “Small Business Concordat: Good Practice Guide”.

Economic Regeneration is viewed with particular importance and SLHD recognises the potential and added benefits of working with small businesses in order to develop and stimulate a varied and competitive marketplace, which in turn helps to sustain the local community.

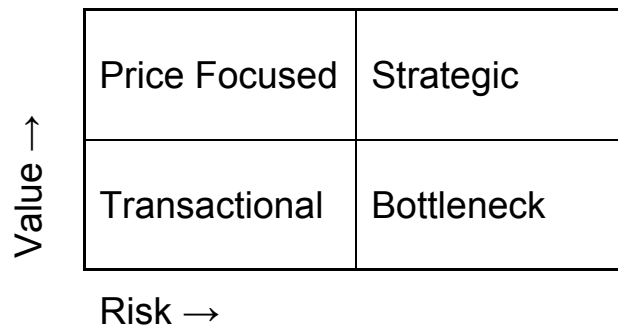
We have produced a pamphlet ‘How to do Business with St Leger Homes’ which explains what we do and why we do it. This helps SME’s to understand us and be better able to tender for our business.

We actively encourage local suppliers, SME’s , BME groups Social Enterprises and other third sector organisations to work with us to assist with local regeneration, To achieve this we have and will continue to, simplify and standardise documents to make it easier for them to do business with us, whilst maintaining compliance.

Our evaluations of supplier submissions will take into account social demographics, where appropriate and relevant.

10.11 *Value & Strategic Importance*

A risk based approach has been developed for the various types of procurement activity. As part of an initial review all requirements are assessed to determine the best procurement strategy to be employed in each case.



For STRATEGIC (high-risk/high value) procurement SLHD need to develop, strategic partnering arrangements.

For TRANSACTIONAL (Low value/low Risk) purchases SLHD need to reduce the number of suppliers used and to aggregate contract values and use electronic ordering and payment methods to minimise the transaction costs.

For PRICE FOCUSED (high value/low risk) purchases SLHD will consider the use of local and national consortia arrangements.

For BOTTLENECK (low Value/high risk) purchases SLHD will need to ensure

continued supply through the use of multi-sourcing arrangements.

These strategies are considered when we commence a procurement exercise, and determine the approach we will use to ensure SLHD will achieve the best possible outcome.

Risks are determined with the client and management of them is built into our procurement processes from options appraisal through to procurement and contract management.

10.12 Key Performance Indicators

We monitor our performance and that of our suppliers using KPI's. These are incorporated in ITT and Contract documentation and subsequently reviewed on a regular basis to ensure performance is maintained or improved.

The KPI's we measure and monitor are:

- % Value of spend per annum covered by contracts.
- % of invoices received electronically
- % of orders raised electronically
- % of invoices auto cleared
- % of efficiency savings per annum against expenditure
- % of supplier base that are SME's
- % of overall expenditure with SME's
- % of overall expenditure with local companies
- % of environmentally friendly/sustainable products used
- % of suppliers who have signed up to WRAP
- % reduction in the number of suppliers we use (rationalisation)

These KPI's are recorded within the contract files.

Note; the Equalities and Human Rights Commission are unable to suggest any E&D KPI's which would be relevant or measurable.

10.13 Contract Management

SLHD recognises that in order to make service improvements through effective procurement, investment in the on-going contract and relationship management is required. The achievement of continuous improvement is dependant on managing relationships throughout the contract. A template for managing these relationships for our strategic contracts has been developed, which focuses on achieving agreed improvements and efficiencies, as well as promoting innovative ideas.

Contract management skills will be developed for all staff responsible for managing contracts, through appropriate training.

Day to day issues are managed by operational members of staff, with involvement from the Procurement Team if required. The Procurement Team carry out Annual Strategic Contract Reviews in addition to operational review meetings, to ensure we get the best from each Contract. As part of the

strategic review process, suppliers' Health & Safety, Equality & Diversity, financial stability (via an independent financial report), insurance and membership of any relevant trade bodies will be monitored. In addition we will look at environmental and sustainability practices and encourage improvement.

Close liaison with user departments ensures a co-ordinated approach and any issues arising are speedily identified, and addressed to ensure continuity of supply is not compromised.

As part of the Strategic Contract Review, we will explore with the supplier and our client any bottlenecks in the process and how we can improve the way SLHD and the supplier work. By using this approach both parties are able to gain benefits (which should be shared), including service level improvements and cost reductions.

We have developed an on line diary to ensure all contract management meetings with our key suppliers are scheduled and all interested parties in SLHD are aware and where appropriate, invited to participate thus gaining maximum benefit from exploring ways of working together to improve services and drive out unnecessary costs,.

The Procurement Team have produced a calendar of review meetings for SLHD and will hold minutes of all contract review meetings. These will be used to help continually monitor supplier performance.

10.14 *Guidance*

The Procurement Team provide guidance to the whole of SLHD on procurement matters. We will assess requirements with users and recommend appropriate strategies which will ensure compliance with regulations and provide VfM. The guidance will follow Financial Regulations, this procurement strategy, EU Procurement Directives, Public Contracts Regulations and best practice used by similar organisations as recommended by CIPS.

10.15 *External Challenge*

We benchmark our processes with other similar organisations, via the various consortia we are members of, to ensure we are following best practice.

We have just undergone a VFM review of the procurement function by an external consultant, and the points raised in the report are incorporated into this strategy.

10.16 *Procurement Toolkit*

We are developing a procurement toolkit which will help members of the Procurement Team and other staff within SLHD to work with suppliers to ensure all parties have an outcome which is fair and reasonable. The toolkit will largely be incorporated in the Procurement Manual we are producing and will be available on the Procurement website.

The Toolkit will aid the initial strategic decision on the form of procurement process to be followed and will map the direction to be followed. This will provide help and guidance for all SLHD staff involved in the procurement process, as well as the Procurement team.

10.17 Training and Development

SLHD understands that effective delivery of procurement requires that staff engaged in the process are suitably qualified and trained for the purpose. The training needs range from knowledge of basic procurement processes through to formal procurement qualifications where appropriate.

We will undertake a skills audit and implement a training and development programme for those staff involved in the procurement process, both within the Procurement Team and across the organisation, including board members and tenants where applicable. This training will largely be 'in house'.

Some members of the Procurement Team are already CIPS qualified and we are encouraging the other members of the team to also gain formal qualifications. Where we are unable to provide appropriate training in house we will send staff on courses if we can clearly demonstrate a benefit for SLHD.

11 Supply chain

A supply chain involves the movement of goods/services from source to the end customer. Improvements to the supply chain are ensured by including all the major stakeholders who are involved in the service. Changes can be made to drive out costs by working with tenants, craft workers and other stakeholders, including manufacturers and their suppliers, distributors and service providers.

We are working with our decency partners to ensure they use the same 'standard' materials as our in house workforce. We are developing a range of standard products with our tenants, our tradesmen and suppliers. The use of standard materials across SLHD will ensure our tenants have the most suitable products (which they have helped to choose) in their homes, our Repairs and Maintenance Teams are able to carry a smaller variety of materials and repairs and maintenance is simplified. We will, where appropriate, utilise Framework Agreements we produce as well as those produced by consortia such as Efficiency North, YPO, PfH etc. We will select the products which support SLHD values and strategic priorities, obtaining these from where the greatest VfM is achieved.

12 Financial Regulations

This Procurement Strategy should be read in conjunction with SLHD Financial Regulations (part of SLHD Standing Orders).

The Financial Regulations detail the level of Procurement activity required depending on the anticipated value. The regulations also outline financial decision making limits within SLHD. SLHD Financial Regulations are amended from time to time as required by changes in policy. Values for the EU Procurement Thresholds can be found at;

13 Specifications

It is the responsibility of users to produce a functional specification which fully describes the outcome(s) required. The specification must not restrict the procurement to a particular supplier or product, but should request goods or services which meet a European, International, British Standard or accepted Trade Standard where possible. Suppliers should fulfil the outcome required and innovative solutions are to be encouraged. This ensures suppliers compete on an equal footing, and allows us to benefit from any new developments which could improve the service provision and VfM.

The Procurement team will provide assistance to ensure specifications are clear, unambiguous, designed around an end requirement and give opportunities for suppliers to think creatively. Specifications should require suppliers to use materials and processes which minimise environmental impact and maximise sustainability.

14 Health & Safety

It is the policy of St Leger Homes of Doncaster (SLHD) to ensure, so far as is reasonably practicable, the health, safety and welfare of all our employees and any other persons who may be affected by our undertakings. This commitment extends to our tenants, suppliers, contractors, visitors, and members of the public.

We recognise that the key to successful health and safety management requires the development and implementation of an effective policy, organisation structure with defined responsibilities, and safety arrangements that are relevant to our business operations, adhere to our statutory duty, and help safeguard all parties affected by our work activities.

To maintain this commitment we regularly monitor, review, and revise our health and safety management systems to ensure they remain suitable and sufficient, and continue to include and protect all parties.

We seek this same high standard of health and safety management from our contractors and business partners. To this end, our suppliers and contractors are required to formally demonstrate they will ensure, so far as is reasonably practicable, safe places of work under their management control, safe systems of work, safe plant, machinery and maintenance of, safe use, handling, storage and transport of articles and substances, and ensure that appropriate information, instruction, training and supervision is provided for their employees. They must also ensure the same arrangements, at all times, of their sub-contractors health and safety systems.

Working collaboratively with Business Managers and the Health and Safety Team, the Procurement Team assesses contractor performance throughout the life of the contract. The objective is to ensure contractors have the

necessary experience, skills, competency and resources to ensure effective health and safety standards are met and maintained.

The requirement for suppliers and contractors to have suitable and sufficient safety management practices, will form part of all contract documentation and will, initially, be assessed on a pass/fail basis. Throughout the life of the contract, all suppliers and contractors will be required to provide access to their health and safety arrangements for all works, and any ongoing works, as SLHD require.

In addition, the Procurement Team are exploring the possibility of an approved list of CHAS registered contractors on SCMS. It is a requirement for suppliers to provide detailed evidence of their health and safety management systems, including methods to monitor and review safety standards, if not CHAS registered.

15 Equalities and Diversity

SLHD has developed its procurement strategy in line with guidance from the Equality and Human Rights Commission to promote equality of opportunity for staff and businesses.

SLHD has an Equality and Diversity Policy (which is included with our initial documentation sent to suppliers) and will promote this policy to deliver our responsibilities as:

- ◆ A community leader to influence partner organisations and business to improve equality and diversity practices including, building local skills, workforce planning and tackling long term unemployment
- ◆ Reduce all forms of discrimination and prejudice by applying fairness and equality of opportunity for all in contract assessment and monitoring.
- ◆ Delivery of services using a variety of forums to consult with diverse communities.

A diversity questionnaire has been produced and is sent out with Invitation to tender (ITT) and subsequently as part of our Annual Strategic Contract Review, to ensure suppliers continued promotion of equality. All seven equality strands are incorporated and this data is monitored as part of the strategic contract management process. This is part of the process of ensuring we engage with suppliers who have similar moral and ethical standards as SLHD.

16 Conclusion

This Procurement Strategy details the way we work to obtain goods and services for the benefit of SLHD, its staff, its tenants and other stakeholders. It identifies areas where there are opportunities to improve the service provided and provides the foundation to continue development.

This Procurement Strategy will be reviewed annually.

17 Appendices

This Strategy is supported by a number of related documents;

- Appendix 1 Completed Actions
- Appendix 2 Action Plan
- Appendix 3 Pending Contracts Schedule.
- Appendix 4 Useful Links & References