



Procurement Strategy



2011



Certificate No 1570/97



INVESTOR IN PEOPLE

Contents

Procurement Strategy Overview	Page 3
Best Value for Tenants Money, Involving Tenants in Procurement	Page 3
A Risk-Averse Approach to Procurement	Page 4
Current Procurement Issues	Page 5
Delivering Savings through Effective Procurement	Page 7
SLH Procurement Activity	Page 8
Annual Procurement Plan	Page 8
Reporting on Procurement	Page 9
Appendix 1: Understanding Procurement	
Appendix 2: Procurement Process Map	
Appendix 3: Template for Specifications	

1.0 Procurement Strategy Overview

1.1 Aims

This Procurement Strategy is a short document intended to provide an overview of procurement activity taking place over the next 2 years within South Lakes Housing (SLH). This strategy replaces the Procurement Strategy that was agreed in 2007.

The aims of the SLH procurement strategy is to;

- Obtain best value for tenants money; involving tenants throughout the process,
- Taking a risk averse approach towards high value procurement, utilising national best practice wherever possible,
- Focusing on local labour, equality, diversity, sustainability and competitive environment issues, and
- Delivering savings through effective procurement in order to release funds which enable the implementation of further investment decisions.

This strategy does not cover every technical aspect of procurement but is intended to provide a clear direction for budget holders in negotiating better deals with contractors and suppliers. A separate Undertaking Procurement Guide and a Procurement Process Map are available to further assist Budget Holders with technical matters, as is the SLDC Procurement Toolkit.

1.2 Scope

The Procurement Strategy includes all procurement activity undertaken by SLH, including goods and services procured within the Maintenance, Housing and Corporate functions. All partnership agreements, contracts, direct purchasing and service level agreements are within the scope of this strategy.

2.0 Best Value for Tenants Money, Involving Tenants in Procurement

- 2.1 It is tenant's money so SLH will seek to involve tenants in all spending decisions. As part of our process map we have included tenant involvement in developing specifications. Tenants will also be part of the formal tender processes and be invited to comment on reports relating to procurement decisions.
- 2.2 The new District Wide Tenant Participation Agreement states that SLH will "demonstrate to tenants how value for money is achieved and resources available are used to achieve maximum benefit". This will be published in the Annual Report to Tenants.

3.0 A Risk Averse Approach to Procurement

3.1 Legislation

SLH must ensure that it complies with all relevant law with regard to procurement. If there is any uncertainty with regard a specific procurement issue the relevant member of Senior Manager Team should be consulted and if necessary third party advice taken.

All public contracts (including in house contracts) are subject to the following legislation;

- EU Treaty and case law, and
- General principles of EU law.

Higher value contracts are also subject to the following;

- EU public procurement directives, and
- UK regulations (statutory instruments).

SLH will seek to comply with any changes to procurement legislation anticipated as a result of the Government's review into public sector commissioning and procurement.

The strategy will also comply with the 'Teckal exemption' which allows contracting social landlords to avoid procuring services through the Public Contracts Regulations 2006 as they are both time consuming and expensive. This exemption only applies if social landlords are acting solely in the public interest in the carrying out of their public service tasks and they are not contriving to circumvent the rules on public procurement (Brent LBC v Risk Management Partners, February 2011). The operation of our in-house DLO for example as long as it is not competing with the private sector.

3.2 SLH Standing Orders

All procured items must adhere to the SLH's Standing Orders. The Management Agreement between SLDC and SLH states that SLH will adhere to SLDC's Standing Orders and Financial Regulations.

The Authorised Signatories List, Undertaking Procurement Guide and the Procurement Process Map all comply with SLH's Standing Orders.

3.3 Procurement Frameworks

For higher value procurement SLH will participate in framework agreements rather than undertaking formal tender processes because the requirements of OJEU are complex and often require additional resources; time, funds and expertise.

SLH does not have dedicated legal resources or procurement expertise but advice is available from SLDC or SLH's Legal advisors. SLH will be guided by the national procurement best practice and agencies such as the Office of Government Commerce (OGC) which is an independent office of HM Treasury, established to help Government deliver best value through its spending.

The following frameworks are currently available to SLH;

- Cumbria Housing Partners (asset management)
- Buying solutions (commercial arm of Office of Government Commerce)
- Procurement for Housing (asset management, materials, office supplies)
- Fusion 21 (gas, cyclical maintenance)
- Northern Housing Consortium (gas servicing, adaptations)
- Procure Plus (asset management, fleet, materials)
- CIRRUS (asset management, stores, e:procurement)
- Re:allies (strategic collaboration)

The list above is not exhaustive and other frameworks may become available during the span of this strategy. Any new frameworks will need to be reviewed by the Senior Management Team to ensure appropriateness for use by SLH.

3.4 Approved Supplier List

For lower value procurement, the Undertaking Procurement Guide and Procurement Process Map allows for quotes to be obtained from a selection of suppliers. In the first instance Budget Holders should consult the Approved Supplier List. These suppliers have already been through an evaluation process and are considered to be a low risk option.

If the Approved Supplier List does not include sufficient numbers of appropriate suppliers according to the Procurement Process Map requirements then Budget Holders should consider either a framework approach or an open advertisement.

Any supplier should go through the necessary evaluation, including a review of their credit rating and consideration of their historic performance obtaining references where possible. A supplier must be added to the Approved supplier List before an order can be placed.

4.0 **Current Procurement Issues**

Local labour, diversity and sustainability are issues that SLH continue to tackle and for which SLH have received recognition from the Audit Commission, the Improvement and Development Agency and from the Cumbria Environment Network.

4.1 Local Labour

SLH will use local labour if that meets the requirements of procurement legislation

and the SLH Standing Orders and it delivers the best overall value for money. Directly targeting local suppliers is discriminatory and prohibited by the EU public procurement regime.

Local suppliers will be encouraged to join framework agreements and online databases such as 'Constructionline' (the UK's largest register for contractors which is backed by OGC) and 'The Chest' (the North West's Local Authority Procurement Portal).

All contractors will be asked in the tender process to promote the use of local labour.

4.2 Equality and Diversity

Equality and diversity performance will be assessed as part of the tendering process. Each contractor will have to comply with SLH policy which is provided within the contractor diversity information packs. This includes providing equal opportunities monitoring data.

4.3 Sustainability

SLH will look to minimise the effect that purchasing and procurement has on the environment. Some of the issues that will be considered are;

- Ensure materials used are from sustainable managed sources,
- Proportion of products used which have been made from recycled materials,
- Ensure any surplus of waste material is disposed of in a way that causes the least possible adverse impact on the environment,
- Reduce fuel consumption through, for example, increasing fuel efficiency, driver training, good vehicle maintenance and route planning,
- Increase the proportion of energy used which is from renewable sources,
- Provide details of Environmental Management Systems and/or Environmental Standards achieved.

4.4 Competition: Shared Services

The Government is pushing for the public sector to share services in order to reduce costs. SLH will procure through a shared service arrangement with other public sector organisations, but only where the service is obtained through a competitive procurement process as outlined in the Undertaking Procurement Guide and Procurement Process Map.

SLH's approach to shared services is based upon the following assessment:

1. Does sharing the service mean a reduction in either overhead or risk?
2. Will there be performance and / or service improvements by sharing the

service?

3. Can the shared service deliver a saving versus external procurement and if not does the benefits of sharing the service outweigh what the market can offer?

4.5 Competition: Supplier Selection

SLH maintains a list of approved suppliers. This list is regularly reviewed and is based upon suppliers that have a good track record of performance, a good credit rating and those who are administratively efficient.

SLH prefer to maintain a smaller approved supplier list in the interests of efficiency of the back office functions. However this list can be added to where a new supplier provides better value for money through either a framework or other open advertisement scenario as suggested in the Undertaking Procurement Guide.

4.6 Transfer Of Undertakings (Protection Of Employment) Regulations (Tupe)

All procurement will be carried out in accordance with ODPM Circular 02/2003 and associated "Code of Practice on Workforce Matters in Local Authority Service Contracts". SLH will consult with employees and recognised trade unions with transparent disclosure of relevant information. The Code of Practice will form part of the service specification and contract conditions where appropriate.

5.0 Delivering Savings Through Effective Procurement

- 5.1 SLH Budget Holders should ensure best value for tenant's money with every purchase decision taken. No contract should be renewed or order placed without a consideration of the value for money implications.

5.2 Cost and Quality

SLH aims to achieve a split of 70% cost / 30% quality when evaluating procurement options, unless there is a technical need to increase the quality ratio. This ratio should be confirmed and included within the evaluation criteria of each tender or market testing exercise and communicated to all suppliers taking part.

5.3 Service and Performance Monitoring

Each procurement contract or service level agreement should include an element of performance monitoring which enable SLH to assess the on-going performance of that contract. SLH should also endeavor to include financial terms which are related to the performance of the contract, for example reductions in fee for reduced performance or missed targets.

5.4 Effective Analysis for Procurement

Prior to undertaking a procurement exercise the SLH officer should ensure they fully understand the subject area in order to understand the most efficient procurement route. For example; usage history should be reviewed in order to ensure that relevant volumes and items are included in the specification, combinations of like activity should be reviewed to test whether further efficiencies can be gained and the organisation should be reviewed for changes to policy, skill sets, resources and requirements.

6.0 SLH Procurement Activity

6.1 The chart below shows the types of procurement activities undertaken by SLH. This is not an exhaustive list but demonstrates the scope of the procurement activity.

<p>Capital, Cyclical and Planned Programmes</p> <p>Major Repairs Allowance</p> <ul style="list-style-type: none"> • Boiler / central heating replacement • Drainage investigation/ repair • Roof replacement / repair • Decent homes <p>Aids and adaptations</p> <p>Cyclical works</p> <ul style="list-style-type: none"> • Gas servicing / repair • Solid fuel servicing / sweep / repair • Fire alarms • External painting • Septic tanks • Lift maintenance • PAT testing <p>Asbestos survey / removal</p> <p>Stock condition surveys</p> <p>School Knott Close planning & development</p>	<p>Corporate</p> <p>Service Level Agreements:</p> <ul style="list-style-type: none"> • ICT, • HR, • Grounds Maintenance, <p>Contracts:</p> <ul style="list-style-type: none"> • Legal Services • Payroll • Telephony • Audit <p>Purchases:</p> <ul style="list-style-type: none"> • Utilities • Office equipment • Insurance • Stationary • Work wear / uniforms • Marketing / publicity / printing • Training / courses • Consultancy • Health and Safety
<p>Housing</p> <p>Sheltered equipment</p> <p>Telecare</p> <p>Mediation</p> <p>Welfare advice</p>	<p>Responsive Repairs</p> <p>Managed stores</p> <p>Vehicle hire & maintenance</p> <p>Sub contractors</p> <p>Skip hire</p>

7.0 Annual Procurement Plan

- 7.1 To help focus the priorities for the following year's procurement activities an Annual Procurement Plan will be devised. Each contract / service will be reviewed against the original evaluation criteria and / or performance indicators using the following guidelines;
- High value contracts (over £60k) that are due to expire in 18 months time, and
 - Medium / low value contracts due to expire in 6 months time.
- 7.2 The procurement plan below identifies the key procurement activities to be delivered over the course of this strategy;

Item	By When	Officer Responsible
Kendal Managed Stores	March 2011	Repairs Operations Manager
Ulverston Managed Stores	October 2011	Repairs Operations Manager
SLH Maintenance Fleet Hire	March 2011	Repairs Operations Manager
Asbestos Survey / Support / Removal	April 2011	Contract Partnership Manager
Gas Servicing Contract	October 2011	Contract Partnership Manager
School Knott Close Planning / Development	Sept 2011	Director of Asset Management
Review Existing SLA's	March 2012	Finance Manager
Review contracts > £60k	March 2012	Finance Manager

8.0 Reporting On Procurement

SLH Senior Management Team will record all authorised procurement activity on the monthly 'approvals' list.

Finance and Procurement Committee will receive reports relating to;

- Reports on initiatives to improve procurement,
- Decisions on major contract awards,
- Savings achieved as a result of procurement.

All contracts awarded and purchase orders over £500 will be published on SLH website to comply with the Government's 'Transparency Framework'.

All procurement activity is subject to random checks by our Internal Auditors, Furness Audit.

APPENDIX 1

Undertaking Procurement Guide

APPENDIX 2

'Procurement Process Maps

APPENDIX 3

Template for Specifications

You can get a copy of this document in different formats such as large print, Braille, audio, or in a different language by calling **0845 057 0080**.

Pode obter uma cópia deste documento em vários formatos, como por exemplo em Braille, áudio, ou numa outra língua. Para tal ligue para o 0845 057 0080.

如果您想获取该文件的不同版本，如：大字体印刷、盲文、音频或不同语言版本，请致电：**0845 057 0080**。

Paskambinę telefonu **0845 057 0080**, galite užsisakyti šio dokumento kopiją įvairiais formatais, pavyzdžiui, atspausdintą dideliu šriftu, Brailio raštu, užsisakyti garso įrašą arba gauti dokumentą, išverstą į norimą kalbą.

Aby otrzymać kopię tego dokumentu w innych formatach, takich jak duży druk, druk Braille'm, audio, lub w innym języku proszę dzwonić pod numer **0845 057 0080**.

0845 057 0080 'u arayarak, bu dokümanın bir kopyasını büyük puntolu, körler için kabartmalı, ses dosyası gibi değişik formatlarda veya farklı bir dilde edinebilirsiniz.

আপনি **0845 057 0080** -এই নম্বর ফোন করে, বিভিন্ন ফরম্যাট যেমন বড় প্রিন্ট, ব্রেইল, অডিও বা একটি ভিন্ন ভাষাতে এই নথিটির একটি কপি পেতে পারেন