



PROCUREMENT STRATEGY

2013 - 2016

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1.0 Introduction and Overview

The term 'procurement' has a far broader meaning than that of purchasing, buying or commissioning. It is about securing service and products that best match the need of users in its widest sense. This strategy provides a common framework within which all procurement by Trent & Dove Housing is to be managed, be it procurement of land, property, works, services or supplies.

- 1.1. The Procurement Strategy is aimed at ensuring that Trent & Dove Housing delivers high-quality services, which represent unsurpassed value for money.
- 1.2. The Procurement Strategy will be used to promote efficient, effective and economical procurement throughout the organisation as well as a consistent and corporate approach.
- 1.3. Trent & Dove Housing will ensure its resources are spent wisely using an effective procurement strategy to determine the best options available for providing its services through a variety of mechanisms including direct provision, partnering arrangements, joint commissioning and outsourcing.
- 1.4. Trent & Dove Housing will seek to examine whether others, or partners, could provide the service at a reduced cost and at the same quality, or at the same cost and better quality, or at a reduced cost and better quality.
- 1.5. Qualitative assessments will take into account the contribution the various arrangements can make toward Trent & Dove Housing's corporate aims and objectives.
- 1.6. There is no single option that will consistently deliver optimum value for money, therefore each option will be evaluated carefully in each different situation with due regard to the exposure to risk.

2.0 Aims and Objectives

- 2.1 The aim of this Procurement Strategy is to achieve a focused and professional approach to the procurement function with:-
 - Efficient procurement processes having clear procedures, appropriate criteria, stakeholder/customer involvement and outcome evaluation.
 - A focus on the right balance of cost/quality when considering and preparing specifications, taking account of whole-life costs, 'green' issues, and social impact in ways that will deliver long-term VFM for customers and for the organisation.
 - Effective use of methods of procurement such as partnering, collaborative procurement and consortia frameworks.
 - A clear focus on service objectives.
- 2.2 The main objective of this procurement strategy is to achieve Value for Money and to demonstrate probity of our transactions whilst working to deliver the

Trent & Dove mission statement of “transforming homes, lives and neighbourhoods”.

3.0 Procurement Challenges

It is recognised that the Company must consider its approach to certain specific aspects if it is to achieve effective procurement:

3.1 Organisational Structure

- Effective management of the procurement process with appropriate skills and experience;
- Clear objectives and the resources available to meet them;
- Flexible Financial Regulations and/or Standing Orders;
- Systems to enable the delivery of performance and improvement;

There is a need to ensure appropriate training for all staff involved in procurement and that effective use is made of specialist external advice

3.2 Organisational Culture

- Aspiration to deliver high quality services;
- Realistic expectation of improvement that a service could deliver;
- Ownership of problems and willingness to change;
- A sustained focus on what matters;

3.3 Risk Management

- Maintaining the long-term health of the organisation in terms of financial stability, deployment of resources and the quality of service provision;

The Company must seek to minimise risks through suitable systems of control. The level of risk must be managed so that the residual risk after any mitigating actions would not result in serious or permanent damage to the Company.

4.0 Procurement Strategy

4.1 Context & Drivers

External Political & Economic

The housing sector is subject to European Directives and UK Procurement Regulations on tendering procedures for works, supplies and service contracts. Contracts which are above specified financial threshold levels must be advertised in the Official Journal of the European Community (OJEU), and the tendering and award of such contracts must be carried out in accordance with specified procedures.

Internal

Trent & Dove Housing is divided into three main operational departments, Property Services, Housing Services and Resources. The current housing stock is approximately 5,200 homes with an annual spend profile of circa £13M (excluding staff costs and the investment in development)

- Chief Executive £200,000
- Resources £1,000,000
- Housing Services £2,100,000
- Asset Management £9,700,000

Development activity additionally represents a business plan growth of above 2% per annum

4.2 Strategic Objectives - Link to the Business Plan

The overall aim of this Procurement strategy is to develop a high quality procurement and contract management culture within Trent & Dove Housing, linked to policies, and the objectives of the business plan.

The Procurement Strategy is underpinned by five strategic aims, which reflects the complexity of the issues that surround procurement and provides the principles in addressing the issues:-

- To provide a corporate framework for Procurement within Trent & Dove Housing
- To improve Procurement skills among Trent & Dove employees and create greater awareness among board members and other organisations working with Trent & Dove Housing
- To achieve efficiency and provide value for money by sourcing and delivering optimum solutions
- To consult Trent & Dove customers and stakeholders on the future delivery of services
- To promote the Procurement Strategy and incorporate within other Trent & Dove strategies, policies and procedures.

4.3 Value for Money

In the procurement of all goods, services and works making sure that value for money is achieved is an essential part of the process. This does not mean that we will always seek the lowest price. Cutting corners on cost can be more expensive in the longer term and result in lower customer satisfaction. Value for Money will be demonstrated where appropriate by benchmarking existing agreements against the wider market, and achieved by ensuring all procurements are made available to an appropriate degree of open competition. All source and selection decisions will be assessed for equal treatment, non-discrimination and with regard to whole life costs and quality.

The aim of Trent & Dove's Value for Money Strategy is - **To maximise VFM and to embed a VFM culture throughout Trent & Dove.**

Further guidance for achieving Value for Money is to be found within Trent & Dove Housing's Value for Money Strategy

4.4 Efficiency

Delivering improved services will require the use of efficient modern procurement models, which emphasise the use of partnered arrangements, frameworks and collaborative working. Whether an individual procurement flows from a redesign or simply from the routine need to provide a service, the value for money principles in the procurement strategy and its underlying procedures will be consistently applied. The Procurement Strategy recognises that efficiencies embrace both reductions in cost, and improvements in services. It is not predicated on procuring at the lowest price, but sets out to establish a cost conscious culture where decisions about quality are informed by an understanding of whole life cost.

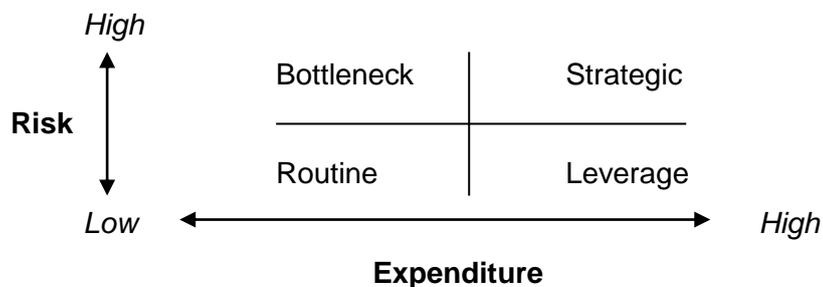
4.5 Structure

Procurement within Trent & Dove is not centralised to a corporate procurement team. The function remains within each of the main service directorships with each director taking responsibility for procurement appropriate to their area of service provision. Procurement of goods and services common to all service directorships remains the responsibility of the Director of Resources. Coordination of procurement consistency across all departments will be the responsibility of the Value for Money working group (consisting of directors and senior managers). The Value for Money working group is responsible for overseeing the strategic planning of all service reviews and procurement, tender/contract evaluation reviews and the ongoing management of risk with regards to the employment of services providers. This regular monitoring will include credit rating movement, company specific information, total value of financial exposure and performance reviews.

Staff with responsibility for defined procurement will ensure that not only are tender and quotation procedures undertaken in accord with legislative requirements, T&D's

Financial Regulations and Standing Orders but also that T&D's Tender Register and Quotation Register are maintained and reflect the current situation.

A risk based approach needs to be developed for the various types of procurement activity. A standard "portfolio matrix" analysis divides procurement into 4 categories on a risk and value matrix as follows.



For Strategic (high-risk, high value) procurement we will look to develop strategic partnerships and to investigate partnering arrangements.

For Routine (low value, low risk) purchases we will look at reducing the number of suppliers used and to aggregate contract values and use "call off" contracts to maximise purchasing leverage. Additionally we will reduce the number of purchase orders and invoices to reduce cost and improve efficiencies.

For Leverage (high value, low risk) purchases we will consider the use of local and national consortia arrangements.

For Bottleneck (low value, high risk) purchases we will need to ensure continued supply through multi- sourcing.

Trent & Dove Housing will continue to participate, wherever appropriate, in Collaborative Purchasing arrangements.

Collaborative Purchasing Consortia used include: Procurement for Housing, Northern Housing and Fusion 21. We will also review all approaches from further consortia and participate when advantageous

Where appropriate, Trent & Dove Housing will take advantage of consortium and other external procurement initiatives where such involvement improves value for money and/or minimises duplication of effort, allowing staff resources to be released to frontline service provision.

4.6 Quality

Specification & Performance

Trent & Dove currently provides a whole range of support and direct services through in-house teams. Our service review process will require that the

use of these teams for service delivery is reviewed and that the business case for their continued use is made on a value for money basis.

Trent & Dove believes that in-house services can provide a high quality, flexible framework for developing and delivering services within a mixed economy. It is expected that in-house service providers will deliver the appropriate balance between being best on quality, equality, value for money, service and employment practices.

We support in-house service delivery where it can be clearly demonstrated that this balance is being achieved. Such support will be maintained subject to the continued review of service delivery and a demonstration of ongoing service improvements.

Trent & Dove aims to improve the performance of its in-house service delivery by harnessing competition both directly and indirectly. In undertaking such considerations we will follow the traditional principles of a VFM review "the three E's" with further defined attributes that make up these three headings

- Economy - Cost & Sustainability
- Efficiency - Simplicity & Timeliness
- Effectiveness - Satisfaction & Quality

We will assess the competitiveness of different functions through comparison with other bodies including private and voluntary sector providers. In-house service provision will be encouraged to achieve comparable or better levels of performance to those assessed, always recognising that the base line performance is continually improving. Any "value for money" comparison will consider and challenge the current provision against alternative and emerging methods of service delivery.

Trent & Dove will consider, having regard to current performance and suitability, whether an alternative means of procurement to in-house provision is appropriate. Where the service is currently provided through in-house resources and direct competition is deemed appropriate then the in-house provider will be given the opportunity to compete on equal terms.

Services already subject to direct competition (out sourced) will be continually reviewed to ensure that they remain appropriate and represent value for money.

Trent & Dove will consider a variety of options when considering how to procure a particular service. These are:-

- ***Withdraw from the activity.*** This is not likely to be possible for most major areas of Trent & Dove's activity. However, it may be possible for aspects of a service. It is clearly possible where services are discretionary

- **Provide the service through an improved in-house approach.** There will still need to be improvement targets and a plan for how they will be reached.
- **Joint commissioning.** This involves joining with other RSL's or local authorities or public bodies to jointly provide or purchase services. It can include delegation of powers to another RSL or local authority, pooling of budgets, working with other government agencies, or arrangements with non-profit organisations
- **Market testing** i.e. competition with an in-house bid. This may include full tendering or comparative assessments through comparison and bench marking
- **Externalisation** i.e. competition without an in-house bid.
- **Hybrid options.** In reviewing a service or function Trent & Dove must consider whether to break up activities currently treated as a single service or delivered through a single contract and equally to consider whether to amalgamate services currently delivered separately. Where a service includes a variety of different types of activity, the option most likely to deliver best value may well be different for different activities. In such cases, the best value choice will involve different choices for different parts of the service.

Any procurement decision involves a balance between value for money, policy objectives, acceptability to stakeholders and affordability. Fundamental is the recognition that costs alone do not reflect value for money and that any decision must be driven from a community-wide perspective rather than those of the individual service users in isolation Irrespective of the service delivery model.

Through the use of a proactive structured procurement process staff will be able to:

- Demonstrate why a particular procurement route was taken
- Show what improvement to the service delivery outcomes have / will be achieved
- Demonstrate the considerations given to partnership / collaborative procurement and the benefits of following the service delivery models selected
- Demonstrate the consultation with stakeholders and the cost benefits analysis for the community as a whole

Stakeholder Involvement

We are committed to placing the customer at the centre of our business through their active involvement in service design and delivery. We will therefore engage

directly with customers, colleagues and stakeholders on procurement decisions via a focus or project group where this would have relevance.

The terms of reference for such a group would be to consider and review areas of service which are being reviewed by Trent & Dove.

- The groups will be convened at times of service review
- The groups will consider performance and standards achieved with aspects of service delivery
- The groups will consider specifications for delivery of services
- The groups will be involved in tender evaluation and contractor selection
- These groups will meet and run for the duration of the service review

We will welcome challenges from our customers (directly or via tenant led focus / scrutiny panels) on the performance of our suppliers and contractors and on the quality and types of materials we purchase. Where leaseholders are affected by our plans, we will involve them in planning, evaluation and the impacts of n our procurement decisions.

4.7 Sustainability

Trent & Dove Housing is committed to purchasing goods, works and services in an environmentally sensitive and sustainable manner as part of its commitments set out in its Environmental Strategy. Procurement decisions will be taken after due consideration to all legislative and regulatory requirements and will embrace the principles of best practice.

Where appropriate and practicable Trent & Dove Housing will promote and procure recycled products, locally produced goods and/or "green" energy supplies generated from renewable sources. In addition Staff shall have regard to waste minimisation issues to include:

- Options to order in a more efficient manner to minimise packaging
- Choice of alternative products that are recyclable and / or made from recyclable elements
- Identification of difficulties in relation to the "end of use" disposal / recovery of hazardous materials

Trent & Dove Housing will work with suppliers and contractors to promote environmental awareness and to encourage them to minimise the environmental impact of their operations and those of their supply chain.

Invitations to tender and pre-qualification questionnaires are to include a requirement for potential suppliers to identify the environmental impacts of their organisations activities and how they currently (or propose to) minimize the effects.

4.8 Equality & Diversity

Trent & Dove Housing is committed to promoting equal opportunities in employment and requires that its suppliers can similarly demonstrate compliance with all relevant legislation.

Trent & Dove Housing is committed to operating its procurement activities in an open fair and transparent fashion. In considering the award of contracts Trent & Dove Housing will adopt the principles of equal treatment, non-discrimination and transparency.

Trent & Dove Housing incurs significant expenditure on goods and services and it is vital that it takes full account of all the implications, both economic and social of its actions. This requires us to ensure that its procurement activities are consistent with our equality obligations in relation to both race and sex discrimination. Where services are to be provided by an external supplier / provider, we will remain directly responsible for meeting the duties under the relevant legislation. We will build the relevant equality considerations into the procurement process, to ensure that all functions meet the appropriate requirements, regardless of who actually undertakes the service. Every effort shall be undertaken to ensure that resources are not spent on practices that lead to unlawful discrimination, but is used instead to support and encourage equality of opportunity and good community relations.

Trent & Dove Housing will engage with under represented groups of suppliers and contractors to encourage them to respond to tendering processes.

4.9 Probity

The now defunct Housing Corporation's guidance for Board Members defined probity in procurement as:

"The concept of fairness, transparency, and accountability, which ensures that an organisation obtains (and can be seen to obtain) the maximum benefits for its declared objectives, operating within the law and within the rules of its legal constitution. One of the key issues about probity is the avoidance of fraud and corruption. Every housing association needs to give serious consideration to the systems it employs with the aim of avoiding fraud."

With this definition continued relevance the procurement policy therefore needs to provide a framework in which fairness, transparency and accountability are explicit.

4.10 Training & Communication

Trent & Dove Housing aims to improve procurement skills among employees and raise the profile of procurement and its role within the company.

Trent & Dove Housing will ensure the procurement strategy is effectively communicated to, and understood by, all relevant staff and appropriate stakeholders.

Trent & Dove Housing will ensure that all staff engaged in the process of procurement are equipped in terms of skills and resources to make procurement decisions that support and promote the Trent & Dove Procurement Strategy.

5.0 Policy

All procurement will be undertaken in accordance with: European Procurement Directives, Public Contracts Regulations 2006, Government Statutory and Non-Statutory guidance, including all subsequent amendments and T&D's own Financial Regulations

Procurement for Trent & Dove Housing can be separated into three main areas:

5.1 Property Related Procurement

Before any programme of construction work or project is undertaken, the appropriate section manager will ensure that it meets T&D's strategic objectives as defined by the Asset Management Strategy or Development Strategy and the Business Plan.

Procurement procedures to be followed are contained within Trent & Dove's Financial Regulations with the process covered step by step in detail within the Procedure Guide for Project Management for Asset Management & Development. Procurement practice must not conflict with other Trent & Dove strategies or policies.

Contracts will be grouped together to achieve greater efficiency where appropriate. Partnering, framework agreements, and consortium membership will all be considered as a means of procurement where appropriate in accordance with government objectives.

5.2 Other Consultancy Services

Consultants will be used to provide services to the association where the relevant expertise is not available in house.

Consultants will be selected on the basis of expertise and capacity.

Procurement procedures to be followed are contained within T&D's Financial Regulations. Procurement practice must not conflict with other T&D strategies or policies.

5.3 General Goods and Services

The purchase of general goods and services may only proceed if there is provision for such expenditure within an approved budget.

For items where a cheque is required, a purchase order / cheque request form should be completed.

Procurement procedures to be followed are contained within T&D's Financial Regulations with the levels of authority scheduled within the Financial

Regulations Table of Delegated Authorities. Procurement practice must not conflict with other T&D strategies or policies.

Authority to enter into contract i.e. commit purchase expenditure is as described within T&D's Financial Regulations with the levels of authority scheduled within the Financial Regulations Table of Delegated Authorities.

There may be special circumstances in which Trent & Dove will consider the use of only one contractor or supplier, but the reasons for this must be fully justified. Negotiated contracts should only be used when at least one of the following factors apply.

- T & D has entered into a strategic partnering agreement with a contractor or consultant;
- The development is part of a deal consisting of both land and building works;
- A negotiated tender will achieve best value for money when demonstrated;
- Specialist contractors / suppliers are the only ones who can either carry out the proposed works effectively or manufacture or supply the required product;
- The works involve the continuation of an existing contract which has been subjected to competitive tender and prices have either varied only slightly or remain unaltered.

6.0 Audit Arrangements

The risks attached to procurement will be periodically assessed as part of Trent & Dove's internal audit assessment process, and based on the risk assessed, internal audit work will be programmed to provide assurance that the procurement arrangements ensure good practice, are compliant with other corporate policies and standing orders, and that adequate controls are in place.

Independent Audit reviews will be conducted to ensure procurement decisions deliver VFM.

We will report quarterly to the Operations Committee on all procurement activities and outcomes.

This Procurement Strategy has been prepared to sit alongside Trent & Dove's other strategies / policies and should always be read in conjunction with the following documents:-

General

Financial Regulations

Standing Orders

Value for Money Strategy

Risk Strategy & Risk Map

Equality & Diversity Strategy

Equality & Diversity Policy

Environmental Policy

Specific

Asset Management Strategy
including Affordable Warmth
Strategy

Development Policy

Project Management
Procedure Guide

Company and Department
Plans

Appendix 3: Equality Impact Assessment Template (amended 11 July 2012)

Equality Impact Assessment Checklist	
<p>This form must be completed for each new policy, or following a policy review prior to Board or committee sign off.</p>	
<p>Every policy must fulfil the policy of promoting equality which is encompassed within the core values of Trent & Dove.</p>	
<p>We have a duty to assess the impact of our policies on all employees and members of the community who access our services, to monitor the operation of our policies and to take reasonable steps to make available the results of its monitoring.</p>	
<p>Trent & Dove has a statutory obligation under the Equality Act 2010 (which consolidates all pre-existing equality law - including the General Duty of the Disability Discrimination Act 2005 which aligns to the legislation within the Race Relations Amendment Act 2001). The 2010 Act places a legal duty on all employers and service providers to take positive action to promote and treat employees and service users fairly. The areas of equality are listed below and the impact which every policy may have, must be considered. Additionally, a new single equality duty requires public bodies to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Act; and also advance equality of opportunity and foster good relations across all the protected characteristics with the exception of marriage and civil partnership. The Homes & Communities Agency is subject to the duty and it is expected that the essence of the duty will be passed onto Housing Associations.</p>	

Department	Corporate	Section	All	
Name of Assessor	Alison Holloway	Position	CTPO	
Title of the Policy Assessed	Procurement Strategy			
Date of Assessment	16 April 2013	Is this a New or Existing Policy?	New	Existing

1. Describe the aims, objectives and purpose of the policy.	The aim of the Procurement Strategy is to achieve a corporate focused and professional approach to procurement that is fair, efficient, effective and provides value for money
2. Are there any associated objectives of the policy? Explain	That all procurement is achieved in a consistent way across the organisation and stands up to probity and scrutiny
3. Who is intended to benefit from the policy and in what way?	All parties to the contracts for supply of works, goods or services through fair, clear, consistent and well- structured procurement. Tenants and leaseholders through well managed and delivered contracts representing excellent value for money.
4. What outcomes are wanted from this policy?	Consistency of approach to procurement throughout all Trent & Dove departments. Compliance with procurement legislation for all transactions. Compliance with Trent & Dove Financial Regulations. To be able to demonstrate that value for money has been achieved.
5. What factors/forces could contribute/detract from the outcomes?	Non- compliance Lack of training and planning for projects
6. Who are the main stakeholders in relation to the policy?	Senior Management Customers – both tenants and leaseholders
7. Who implements the policy and who is responsible for the policy?	Responsibility – Director of Property Services Implementation – All Directorates to implement company wide

Are there concerns that the policy could have a differential impact upon:	Yes	No	Explanation	What existing evidence, either presumed or otherwise do you have for this?

8. Gender		✓	All groups benefit from this policy	
9. Disability		✓	All groups benefit from this policy	
10. Race		✓	All groups benefit from this policy	
11. Age		✓	All groups benefit from this policy	
12. Religious Belief		✓	All groups benefit from this policy	
13. Sexual Orientation		✓	All groups benefit from this policy	
14. Gender reassignment		✓	All groups benefit from this policy	
15. Pregnancy & maternity		✓	All groups benefit from this policy	
16. Marriage or Civil Partnership		✓	All groups benefit from this policy	

17. Could the differential impact identified in 8 – 16 suggest there could be an adverse impact in this policy?	Yes	No ✓	Please explain
18. Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group? Or any other reason?	Yes N/A	No N/A	Please explain for each equality heading on a separate piece of paper and attach / or e-mail with this form.

 GO	No adverse impact for any group and does promote equal opportunities.	Implement Policy	<ul style="list-style-type: none"> No differential impact in equality. Any differential inconsequential. Lawful and desirable in meeting T & D duty under Disability Act 2010. 	Tick? ✓
	Caution Consider further as policy may produce differential impact.	Some evidence of differential impact, further consultation required. Implement mitigation activities to amend policy.	<ul style="list-style-type: none"> Identify alternative measures that achieves the same goal without differential impact. Identify ways to mitigate unlawful or undesirable impact. Identify additional measures that further equality opportunities. 	Tick?
	Stop! Policy is likely to have an adverse impact on a particular group.	Consider whether policy is legal (take advice). Evidence strongly suggests the potential for differential adverse impact or unwitting disadvantage in terms of equality.	Policy must proceed to a full Equality Impact Assessment (EIA). – resubmit with results and amendments. Or Withdraw policy.	Tick?

	Date	Recommendations / Key Activities	Lead Officer	Timeframe
Policy screening undertaken by (Lead):	24 05 13	Policy reviewed and implications considered	Alison Holloway	
List others involved:				
Director:	24 05 13		Director of Property Services	