



# Procurement Strategy

2014 - 2018



# Strategic Context

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Procurement is the process of buying goods, services and works from suppliers. It covers the whole lifecycle of activities, beginning with identifying a need, inviting quotes or tenders, evaluating the quotes and tenders, and entering into a contract or agreement. The SARH Group spends in excess of £10m each year on contracts with suppliers, which accounts for around 40% of annual turnover. Procurement therefore directly impacts on the delivery of value for money and contributes to the financial stability of the company.

The aim of the Procurement Strategy is to set out a co-ordinated and transparent approach to procurement to ensure that SARH complies with all relevant legislation, regulations and European guidelines and has effective arrangements in place for reducing costs, improving quality of services and building on partnerships.



# Executive Summary

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Good procurement practice delivers a number of key benefits, including: delivery of quality services, achievement of value for money; compliance with regulatory requirements; clear procedures; accurate management information and a contribution to effective governance arrangements.

As a Registered Provider SARH is expected by the Regulator, the Homes and Communities Agency, to meet the standards set out in the Regulatory Framework. These include standards on financial viability, governance and value for money. The Procurement Strategy is a vital part of the arrangements in place to meet these standards.

Compliance with the Strategy and the links between the Strategy and other control measures help to reduce the risk of failure to comply with procurement regulations and the associated risk of a challenge from a supplier.

The Strategy together with clear procedures relating to procurement that are trained out to staff enable them to understand their role and levels of delegated authority when carrying out procurement work.

A centralised approach to administration ensures that work is co-ordinated and completed in a timely fashion, records are kept appropriately and key documents are filed.

# Objective 1



**Implement effective procurement arrangements for reducing the cost of contracts, improving the quality of services and building on partnerships.**

## Target

- Achieve value for money – contributing to the Corporate Plan targets of:
  - Achieving annual savings through effective procurement; and
  - an annual improvement in customer satisfaction.

## Actions needed to reach this target

- A strategic, joined up approach to procurement that meets all SARH needs
- Contracts that deliver long term value for money
- Contract specifications that reflect the balance between cost and quality and take account of social and environmental costs and sustainability
- Review mechanisms that ensure SARH gets the most from all contracts
- Arrangements to monitor the effective delivery of contracts and address any issues, including performance indicators and customer satisfaction measures.
- Arrangements to benchmark or market test the use of in-house services eg Repairs First and contracts delivered by Housing Worx.



# Objective 2



## Maintain the reputation of SARH by ensuring compliance with all relevant legislation and regulations



### Targets

- All procurement complies with legislation and regulations including Public Contracts and European Regulations
- All contracts are procured in accordance with the SARH Board approved Standing Orders (Contract Procedures) and the accompanying guidance notes
- All procurement activity complies with SARH policies on Anti Fraud, Anti Bribery and Probity, Risk Management; and the Value for Money Strategy.

### Actions needed to reach these targets

- Annual review of Standing Orders and procurement procedures
- Maintain a database of contracts showing date for review / retender and approval route required for each contract
- Training for staff to ensure full understanding of roles and responsibilities
- Keep under review the contracts delivered for SARH by Housing Worx to ensure continued compliance with Teckal requirements.



# Objective 3



**Procurement arrangements are open, accountable and equitable**



## Targets

- Evidence that efficient and clear procurement processes are followed for all contracts, including clear audit trails of the procedures, criteria, customer involvement and evaluation methods.
- Arrangements to manage the procurement timetable for each contract, identifying when contracts are due for procurement and factoring in appropriate lead times.



## Actions needed to reach these targets

- Monitor procurement progress for each contract, using a contracts database that shows key dates relating to when each contract is due for reprocurement and lead and award times.
- Provide reports to Leadership Team and Board detailing tenders accepted.
- Provide clear tender documentation for those involved in submitting bids – including the scope, requirements, timetables, due dates for submission etc.
- Provide feedback in accordance with regulations and best practice.

# Objective 4



## Make effective use of modern methods of procurement

### Targets

- Carry out assessment of most effective way of procuring each contract, making use of procurement clubs as appropriate
- Use e-tendering for all tenders unless there is a justified reason for not doing so.
- Complete the re-procurement of all contracts by the due date



### Actions needed to reach these targets

- Monitor the number of contracts procured through different means, including OJEU.
- Maintain a secure on-line system for e-tendering with appropriate controls relating to access
- Record quantifiable savings made from contracts with comparisons to any previous contract prices and any other prices quoted.