

# **Waterloo Group Strategy Procurement**



## Scope of Strategy

This strategy sets out the approach to be adopted by all members of Waterloo Housing Group in relation to procurement for the period 2016-18.

## Applicability

The strategy applies to all members of Waterloo Housing Group.

### 1. Policy Statement

- 1.1 Waterloo Housing Group will ensure that at all times we comply with legislative and regulatory requirements and good practice in relation to procurement.
- 1.2 This includes compliance with the following:
  - UK public procurement Regulations which implement European Directives (and relevant supporting European case law);
  - European or UK regulations applying to the works, goods or services being procured e.g. Information Governance requirements, Health and Safety legislation, Bribery Act 2010 ,Public Services (Social Value) Act 2012 and Modern Slavery Act 2015;
  - Regulatory Framework for Social Housing in England (updated April 2015), specifically including the updated Value For Money Standard;
  - Relevant technical standards and codes of practice
- 1.3 This Strategy should be read in conjunction with other key Group Strategies and Policies as follows:
  - Waterloo Group Strategic Plan 2015-18 "Delivering our Vision"
  - Group Value for Money Strategy
  - Group Contract Standing Orders
  - Group Developing Respect- our Fairness for All Diversity Strategy
  - Group Anti Money Laundering Policy
  - Group Codes of Conduct for Staff and Board Members
  - Group Standing Orders and Financial Regulations

### 2. Context

- 2.1 Procurement can be defined as the acquisition of works, services, facilities and goods to meet the business or customer needs, irrespective of whether these are bought, leased or otherwise obtained, and regardless of the source of funding.
- 2.2 Effective procurement is essentially about ensuring value for money and an ethical, transparent approach throughout the life cycle of the product or service. This includes considerations such as the primary inputs, production, use and disposal/termination.

2.3 Within the Group procurement covers the following broad activities:

- Development of new homes
- Maintenance and investment in existing homes and estates
- The delivery of other services to stakeholders
- and to support the successful operation of the business.

2.4 Within the context of this strategy the term “supplier” applies to all suppliers, such as contractors, consultants and suppliers of other goods and services.

### **3. Aims and Objectives**

3.1 The Group’s approach to procurement should be read in conjunction with our Group Strategic Plan 2015-18 “Delivering our Vision” and its key priorities, one of which is as follows:

***“We will build on our existing financial strength, and maintain clear focus on ensuring value for money for our customers and stakeholders.”***

3.2 The principles outlined in this strategy will be supported by detailed operational procedures. The key supporting strategic objectives are broadly as follows:

- To adopt best practice procurement throughout the Group in order to maximise efficiency and resources through adopting a commercial approach which reflects our Group Business Values, making full use of innovation and available technological solutions.
- To deliver a Group procurement programme that represents true value for money, cashable savings and added value. All surpluses and reinvested in the business to support our core strategic objectives.
- To ensure that all staff involved in procurement of works, goods and services or in the management of contracts receive appropriate training and support.
- To minimise where possible our exposure to any one supplier or contractor.
- To compile and maintain a comprehensive list of approved suppliers, contractors and consultants, and support local business, small and medium enterprises where possible.
- To encourage where possible sustainable procurement that adds social value, helps reduce waste and which manages effectively internal demand for goods and services.
- To establish and maintain strategic relationships to deliver goods and services. This will include joint ventures where appropriate with partners, including local authorities, developers, contractors and other registered providers.

## 4. Policy Outline

### Governance and Financial Framework

4.1 Responsibility for delivery of this strategy lies with all those who undertake procurement of works, services and goods. Managers will need to ensure that their teams understand their responsibilities and comply with the strategy and related policies, such as Group Standing Orders and Contract Standing Orders.

4.2 EU Procurement Regulations 2009 as amended will be followed for all tenders that exceed the prevailing thresholds, currently:

- Supplies £172,514
- Services £172,514
- Works £4,322,013  
Ex VAT

Please refer to <http://www.ojec.com/Thresholds.aspx> for current thresholds. We will also ensure we comply with new EU e-procurement rules – with relevant documentation being made available on line via an e-portal for OJEU tenders.

4.3 The authorisation for any procurement activity undertaken will be governed by the delegated authority levels set in the Group Financial Regulations Authorities Schedule.

4.4 All procurement activities will need to include the following for each project:

- A spend analysis to fully determine the baseline for any savings claimed
- A statement outlining both the cashable and non-cashable efficiency objectives
- A post- tender update outlining the full benefits accrued

All such savings and efficiencies achieved on any procurement activity will be included in the Group's ongoing Value for Money self assessment and VFM Statement.

4.5 We will apply a Cost/Quality ratio to all procurement activities requiring a full tender (See Group Standing Orders). Our default ratio will be based primarily on 60% Price:40% Quality but this may vary on a case by case basis if needed.

4.6 All Group procurement shall seek to minimise the administration needed during the life of the contract and take full account of the following:

- The use of automation wherever practicable
- The reduction and management of invoicing, certification and similar associated documents

- The need for the cost basis of any charges to be clear and transparent
- The importance of ensuring where relevant that costs from leaseholders and tenants (e.g. through service charges) is fully recoverable

The Group also recognise that tendering to procure and secure goods or services can be a costly process and may not always yield the best outcome. In certain circumstance by tendering a good or service the cost of procurement costs may outweigh the potential savings or risk a decline in the service level. In these circumstances the Group will look to market test costs / prices while operating at all times within the Group Contract Standing Orders.

### **Supplier management**

4.7 Our key approach in terms of supplier management is to focus on the following key areas:

- Identifying that spending which we can focus on most Group wide e.g. spend which derives from procurement activities which can be prioritised according to whether they are deemed to be high value and/or high risk areas
- Controlling the numbers of suppliers in each category area at an optimum level and ensuring that only appropriately sourced and approved suppliers are commissioned in accordance with the Group's approved contractor list
- Ensuring that all relevant certificates and other assurance checks on suppliers are carried out within the required timescales
- Ensuring effective contract management arrangements are in place for key contracts
- Supporting the development of effective contract management and procurement skills across the Group
- Ensuring that we have in place effective supporting technology to support this strategy (e.g. IPOS).

4.8 Where appropriate we will use the services of external consultants and other appropriately qualified bodies or individuals to support the implementation of this strategy.

### **Ethical procurement and social value**

4.9 All Group procurement will be undertaken in accordance with the following principles:

- Comply with the Group Developing Respect- Our Fairness for All Diversity Strategy and Codes of Conduct
- Be ethical and sustainable in accordance with the Group's Environmental Sustainability Policy
- Consider the use of small and medium sized companies (as defined by HMRC) to support local businesses wherever possible and avoid over-reliance on larger companies. The criteria against which

tenders will be assessed will be outlined in the respective tender documentation.

- Comply with the requirements of the Public Services (Social Value) Act 2012 which came into effect in early 2013. This must be implemented in all public services contracts and those public services contracts with an element of goods or works.
- Ensure that the Group and those in the supply chain comply with the provisions of the Modern Slavery Act 2015, which requires commercial organisations to show that they have taken steps to prevent slavery or human trafficking in their business or supply chain.

## **5. Our procurement priorities**

5.1 Our key procurement priorities for the period 2016-2018 are essentially as follows:

- To ensure that our comprehensive list of approved suppliers, contractors and consultants is reviewed and publicised so that all staff are aware of this
- To fully implement supporting technology (e.g. IPOS) to further ensure robust financial control
- To actively promote sustainable procurement practices, including reviewing our approach to supporting small and medium sized enterprises
- To adopt the principles of Spend Analysis and Category Management, and to devise and implement a cost and risk based sourcing plan, which shall be updated on an ongoing basis
- To ensure that all staff involved in procurement and contract management receive appropriate training to enable them to implement this strategy
- To investigate procurement options where appropriate such as partnering, consortia buying and joint ventures
- To ensure that our procurement processes enable us to identify suitable opportunities for innovation and use of new technologies to support this strategy.

## **6. Equality and Diversity**

6.1 We are committed to fairness and equality for all regardless of their colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, age, religion or belief, family circumstances or offending history as referred to in our relevant Group policies. Our aim is to ensure that our policies and procedures do not create an unfair disadvantage for anyone, either directly or indirectly.

6.2 An equality impact assessment has been undertaken which identified no negative impact on any group of people as a result of implementation of this policy.

## 7. Monitoring and Review

- 7.1 The next policy review is scheduled for February 2018 and then every two years thereafter. This strategy will also be amended in the event of any planned change in relevant legislation or any change in the operating environment.
- 7.2 Members of the Waterloo Housing Group will monitor the effectiveness of this Strategy and recommend policy changes to improve service delivery. Performance will be reported through the respective Boards (including Local Boards), senior management teams and customer scrutiny panels to identify any areas for review and improvement.

Procurement activities and compliance will also be periodically audited in accordance with the Group's internal audit programme.

## 8. Associated Documents / Policies

- 8.1 List of documents / associated policies / publications :-

- Regulatory Framework for Social Housing in England (updated April 2015)
- Group Strategic Plan 2015-18 "Delivering our Vision"
- Group Value for Money Strategy and Action Plan
- Group Codes of Conduct for Staff and Board Members
- Group Anti Money Laundering Policy
- Group Developing Respect: Our Fairness for All Diversity Strategy
- Group Feedback Policy - Complaints, Comments and Compliments

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