



Hanover (Scotland) Housing Association Ltd

Corporate Procurement Strategy 2016-19

Table of Contents

1. Introduction	2
2. Procurement Vision	2
3. Key Drivers Shaping Procurement	3
4. Strategic Aims	3
5. Strategic Objectives	4
6. Procurement Objectives	4
7. Structure, Roles and Responsibilities	5
8. Procurement Key Performance Indicators	6
9. Conclusion	6
Key Performance Indicators (Appendix A)	7
Action Plan (Appendix B)	8

1. Introduction

- 1.1. The Corporate Procurement Strategy for Hanover (Scotland) Housing Association Ltd (HSHA) will provide a framework for future planning for all purchases across the Association.
- 1.2. The strategy will support HSHA's strategic objectives and values provided in the Business Strategy 2015-18:
 - 1.2.1 **People** – helping customers to live the lives they want by providing them with modern and safe accommodation and supporting services.
 - 1.2.2 **Housing** – providing quality, well maintained, sustainable and affordable housing.
 - 1.2.3 **Services** – provide a range of quality, innovative, flexible and affordable support and care services to reflect customer needs.
- 1.3. The strategy will be reviewed and updated annually to ensure compliance with relevant legislation, organisation's goals and stakeholder's feedback.
- 1.4. The Procurement Manual is a separate document setting out the processes and procedures applying to all procurement activities undertaken by the Association.
- 1.5. Procurement begins when a need to buy is identified and is the process of acquiring goods, services and works from external suppliers or in-house providers at best whole life costs, in the right quantity, at the right quality, at the right time, in the right place. It provides the best service for the benefit of the Association and its customers and continues throughout the management of the contract.

2. Procurement Vision

- 2.1. To achieve superior procurement performance through advanced sustainable procurement practices for the benefit of the Association and its stakeholders.

3. Key Drivers Shaping Procurement

- 3.1 The Procurement function has responsibility to facilitate the delivery of savings and efficiencies through good procurement practice across the Association whilst mitigating operational, commercial and compliance risk.
- 3.2 There are a number of key drivers influencing and shaping procurement for organisations like Hanover. These are in the main legislative but must also be driven by the Association's need to remain viable and provide services which are affordable and cost effective to our customers.
- 3.3 Legislatively the Associations procurement is guided by:
- EU Treaty Obligations ¹
 - EC Procurement Directives
 - Public Contract (Scotland) Regulations (2015)
 - Procurement Reform (Scotland) Act (2014)
- 3.4 All procurement activity must comply with European Union (EU) principles of:
- Accountability;
 - Integrity;
 - Efficiency;
 - Openness;
 - Fairness;
 - Transparency;
 - Equal treatment and non-discrimination; and
 - Proportionality.
- 3.5 To meet these standards the Association will ensure that all staff with purchasing responsibilities understands their responsibility in applying the key principles of public procurement. This is in the delivery of value for money, appropriate quality and service to meet business needs and appropriate governance.

4 Strategic Aims

The purpose of the strategy is:

- 4.1 To enable procurement to contribute to the Association's overall vision and to provide efficiencies to help the Association deliver its key priorities and front line services
- 4.2 To procure goods and services in a lawful and ethical manner that complies with public sector procurement requirements and which encourages participation and sustainable economic growth.

- 4.3 To ensure that procurement initiatives deliver best value for the Association, balancing cost and quality of service.
- 4.4 To provide a framework for the Association to develop a plan to achieve continuous improvement in its procurement activity.

5. Strategic Objectives

The main aims will be supported by key strategic objectives:

- 5.1 Ensure all procurement activities including tendering, awards, contract management and reporting procedures are in accordance with legislative and ethical requirements and comply with good procurement practice across the Association.
- 5.2 Ensure that procurement initiatives consider whole life costs and deliver best value for money for the Association.
- 5.3 Ensure sustainability principles align with the Associations Policy on Sustainable Development, Environmental Policy and Sustainable Procurement Guidance and are embodied within all procurement activities.
- 5.4 Ensure effective contract and supplier management so that business is conducted professionally and contractors comply with environmental, social and employment law throughout the life of a contract
- 5.5 Continue with successful current joint working initiatives whilst investigating further potential opportunities for future partnership working.

6. Procurement Objectives

- 6.1 Contracts must be awarded through genuine and effective competition unless there are exceptional reasons to the contrary and will be clear, concise and unambiguous.
- 6.2 All procurement activity must be focussed on the delivery of value for money; conducted to high professional standards, in accordance with relevant guidance and to the relevant legal requirements; and overseen by appropriately trained and authorised staff to minimise the risk of legal challenge.
- 6.3 The Association will achieve value for money through effective contract monitoring, management and performance.
- 6.4 The Association aim to pay contractors within 30 days of invoicing which is a provision within its T & Cs. The Association will remind contractors of their obligation to pay sub-contractors within 30 days of invoicing.

- 6.5 As a living wage employer HSHA encourage all contractors to pay the living wage to their employees.
- 6.6 Through the Association's Customer Engagement Strategy, customers will be involved in decision making processes and influence decisions on housing conditions and the standard of housing and related services.
- 6.7 Tender evaluations will include criteria promoting compliance with Health & Safety at Work Regulations, the Association's customer service requirements and when appropriate and relevant will include Corporate Social Responsibility criteria.
- 6.8 Contracts will be split into smaller lots, when appropriate, to maximise competition, minimise purchasing cost and optimise efficient allocation.
- 6.9 Hanover will continue to use modern methods of electronic procurement to support process improvement across the Association.
- 6.10 Hanover will investigate and embed into our contract requirements ways of improving contract performance.
- 6.11 Hanover will explore opportunities for innovation.

7. Structure, Roles & Responsibilities

- 7.1 Hanover is currently operating a decentralised approach to purchasing activities. Each department manages their individual budget and makes purchasing decisions aligned with business needs. Every department has staff responsible for purchasing at an operational level.
- 7.2 The procurement activity will take place under the leadership of the Director of Strategic Finance reporting through Chief Officers to the Chief Executive Officer.
- 7.3 The Corporate Procurement Strategy and all policy documents will be presented to the Board for approval. The Procurement Manager will have clear reporting lines to the Director of Strategic Finance and will ensure that the Association has policies and procedures in place to comply with procurement regulations.
- 7.4 Department Directors will be responsible for ensuring that all purchasers in their departments are aware of and comply with relevant procurement processes and procedures to ensure best value for money.
- 7.5 Purchasers (staff with purchasing authority) will be responsible for complying with relevant purchasing processes and procedures and seeking help from the Procurement Manager throughout the procurement process, if necessary.
- 7.6 The purchasing levels of each member of staff are regularly reviewed and listed in the Authority to Incur Expenditure Policy

8. Procurement Key Performance Indicators

- 8.1 It is important to agree on key performance indicators (KPIs) which can be used in measuring the success of the implementation and compliance of procurement best practice in the Association.
- 8.2 The list of current KPIs is provided in Appendix A.

9. Conclusion

- 9.1 The Procurement Strategy and action plan provides a framework for the Association with targets for implementing processes and procedures for ensuring best practice and best value.
- 9.2 To achieve this continuous improvement and development of purchasing it is important that there is support for this approach from the most senior levels of the Association and that this support is cascaded across the organisation consistently.
- 9.3 The Procurement Action Plan details the priority actions to be undertaken to achieve each objective and is provided at Appendix B

Appendix A – Procurement Key Performance Indicators

Key Performance Area	Measure
Efficiency Savings	2% of rental income
Compliance with procurement legislation (and best practice)	No legal or official challenges regarding procurement process
Supplier satisfaction with procurement process	95% of suppliers satisfied
Contract compliance	97% of suppliers successfully completing contract. No contracts terminated due to poor performance.
Customer satisfaction with performance of contractor	95% of customers satisfied with contractor performance
Supplier base	Review and reduce the number of suppliers

	Objectives	Actions Taken	Future Key Actions	Year	Delegated Person
1	Ensure all procurement activities are in accordance with legislative and ethical requirements and comply with good procurement practice across the association.	A Procurement Manual is available on the Hub providing fundamental rules and standards.	Review and update Procurement Manual, templates and other procurement related documentation available on the Hub to reflect changes in legislation to be enacted Apr 2016.	1	Procurement Manager
			Develop a Procurement Policy after reviewing purchasing processes and procedures.	1	Procurement Manager
		Procurement awareness training has been carried out for purchasing staff and admin support staff.	Procurement included as part of induction process for relevant posts.	1	Procurement Manager
		Reviewed purchasing thresholds to ensure they best meet organisation goals: consulted with people responsible for purchasing, review organisation size, turnover and average contract value, evaluate risks/benefits of altering current thresholds. Guidance on thresholds updated in the Procurement manual at May 15.	Review purchasing staff skills and competencies: assess skills using Scottish Procurement Competency Framework, identify skill gaps. Consider the option of either providing basic training in house (developing training programme including refresher courses and schedule) or outsource. Consider Marrakesh training.	2	Procurement Manager
		Created a cross functional Procurement Working group in May 2015 to promote best practice, share information, experiences and knowledge.	Continue to meet quarterly.	Ongoing	Procurement Manager

	Objectives	Actions Taken	Future Key Actions	Year	Delegated Person
		Standard procurement documentation to be used across the organisation: PQQ, ITT, ESPD, award/decline/debrief documentation uploaded to the Hub to make the tendering process easier for people responsible for purchasing and suppliers, eliminate duplication of efforts, ensure that all required areas are covered following the latest good practice/legal requirements.	Further training to be provided on the new regulations and use of the European Single Procurement Document (ESPD)	1	Procurement Manager
		Authority to incur Expenditure Policy is reviewed at least every 3 years. The new Documotive Purchase to pay system went live in Sep 2013 and provides a clearer audit trail.	The Annual Report on “regulated procurement” for Scottish Government will highlight any non-compliance.	All	
		A process map to cover different types of procurement can be found within the Procurement manual.	A link to the Scottish Government's 3 Procurement Journey Routes to be added to the Procurement Manual.	1	Procurement Manager

	Objectives	Actions Taken	Future Key Actions	Year	Delegated Person
2	Ensure that procurement initiatives consider whole life costs and deliver best value for money for the Association.		Regularly monitor and review procurement initiatives and activities: establish a procedure to facilitate review and monitoring process.	2	Procurement Manager
		Total procurement savings achieved are recorded throughout the year	Record savings and upload to Hub.	Quarterly	Procurement Manager
		Areas of further efficiencies were identified by looking at different contracts. Promotion of use of third party framework agreements. Internal audit (2014) concluded that HSHA performing well in this area.	Source out further efficiencies: work with internal audit to identify areas for further development, refer to Audit Scotland toolkit for efficiency measures. Work with Asset Management and Business Improvement department on review of processes aiming at eliminating waste in procurement by avoiding duplication of efforts, promoting use of frameworks, seeking collaboration opportunities.	All	Procurement Manager
		Communal electricity re-tendered in 2015 through Informed Business Solutions (IBS) utilising their expert knowledge to obtain value for money for this contract.	Investigate further opportunities for framework agreements. Update details on Procurement Agencies and their Framework Agreements available to Hanover on the Hub.	All	Procurement Manager

	Objectives	Actions Taken	Future Key Actions	Year	Delegated Person
		A general customer satisfaction survey carried out in 2013 included questions on satisfaction with housing repairs and maintenance. Customer surveys carried out after each major works.	Continue to monitor customer satisfaction and learn from the results of the surveys	All	Procurement Manager
3	Ensure sustainability principles align with Associations Policy on Sustainable Development, Environmental Policy and Sustainable Procurement Guidance and are embodied within all procurement activities.	Sustainable criteria now incorporated into tender specifications. Environmental Policy clarifies/stresses that Hanover's Purchasing policy supports the Environmental policy.	Encourage use of Framework agreements as they incorporate sustainability criteria. Update available Framework information on the Hub on a regular basis.	All	Procurement Manager
		The Procurement Manual provides guidance on Corporate Social Responsibility considerations when procuring. A Sustainable Procurement Guide has been uploaded to the Hub.	Future tenders to incorporate evaluation criteria relating to Corporate Social Responsibility including contractors' approaches to paying the living wage.	1	Procurement Manager
		Accessed EU compliant framework agreements (LHC) for the supply of kitchens, Pfh framework for food, Scot Gov's framework for fuels which all incorporated sustainability in their evaluation criteria.	Review and document the benefits of existing framework arrangements for future learning.	3	Procurement Manager

	Objectives	Actions Taken	Future Key Actions	Year	Delegated Person
		Have tendered for our own Framework agreement for the installation of kitchens and also bathrooms taking sustainability into account.			
4	Ensure effective contract and supplier management so that business is conducted professionally and contractors comply with environmental, social and employment law throughout the life of a contract.	Supplier satisfaction questionnaires sent to approx 40 supplier/contractors to assess 2 way performance. (Feb 2016)	Collate responses and report on findings	1	Procurement Manager
		Different versions of the Balanced Scorecard available on the Hub for performance monitoring and measuring.	To review the central contracts register and assess if fit for purpose. Investigate improving functionality of contracts register.	2	Procurement Manager
5	Continue with successful joint working initiatives whilst investigating further potential opportunities for future partnership working	Tendered collaboratively with Trust for Cleaning Chemicals contract which commenced Apr 2016.	Review effectiveness and benefits of joint Furnishings contract before re-tendering in 2016.	1	Procurement Manager/Director of Customer Services