
Procurement Strategy 2018-2021

Version 1 March 2018

Procurement Strategy

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Procurement Strategy

1. Introduction

This Strategy sets out Rykneld Homes Limited's (RHL) approach to procurement. The purchase of goods and services is one of the key ways the organisation seeks to achieve Value for Money (VfM).

Rykneld Homes has been successfully delivering housing management services and new homes across North East Derbyshire for 10 years. The Business Plan 2018/21 will put in place a new Asset Management Strategy and Acquisition and Disposal Policy which expands this approach to enable RHL to develop more new homes and grow the Council's housing stock.

Rykneld Homes' Business Plan has three overarching objectives:

- Make People Our Priority
- Invest in Homes and Communities
- Deliver Efficiencies through Innovation.

This Procurement Strategy is clearly central to the delivery of these. The approach outlined in this plan demonstrates how the Procurement policy and procedures support the delivery of the three objectives.

Rykneld Homes is very much part of the community in North East Derbyshire and it is important that it continues to support local business. This Strategy sets out how it supports Small and Medium size Enterprises (SME's).

Rykneld Homes is a transparent and accountable organisation and takes steps to ensure that customers and stakeholders understand and agree on how RHL uses its financial resources.

This Strategy should be read in conjunction with RHL's Financial Regulations and Contract Procedure Rules. The Strategy covers the next three years and will be revised in 2021.

2. Strategic Approach

Rykneld Homes' approach to procurement is key to supporting the delivery of the Business Plan and how it delivers VfM services for customers. The scope of procurement is large ranging from major capital contracts, for example, the regeneration programmes worth millions of pounds, through to the purchase of office stationery. It is therefore central to the organisation's achievement of VfM and making the most effective use of its resources.

Action – Review approach and gain RHL Board approval of a new Procurement Strategy.

2.1 Contract Strategies

To ensure we procure in the most efficient manner possible, a Contract Strategy must be developed for all purchases over £20k for supplies and services and £50k for works. The Strategy must consider current spend, future spend, market research, supplier profile, sustainability, opportunities for collaboration, potential savings, insurance and legal requirements. All contracts over £25k by law have to be advertised on the government website www.contractsfinder.service.gov.uk. The Contract Strategies will be signed off by the Senior Management Team (SMT) before the tender exercise begins.

Action – Rykneld Homes will develop a standard Tender Strategy format in 2018/19.

2.2 Procurement Frameworks

Rykneld Homes will seek to maximise its purchasing power through the use of collaborative purchasing. Procurement frameworks are the preferred option for a range of requirements and especially low risk and/or low value routine purchases – RHL continues to be a member of procurement frameworks where these can demonstrate VfM, meets the needs of RHL and its customers.

2.3 Measuring Effectiveness

It is important that procurement savings and efficiencies are captured in the budget process to enable savings to be used to support service delivery and make best use of income. The Homes England, Value for Money Standard requires the identification and reporting of efficiency, economy and effectiveness in service delivery. Procurement savings will support the compliance with this regulatory requirement.

Action – Set an annual target for procurement savings, agreed by the SMT and Board with progress reported in the Annual VfM Statement.

2.4 Exceptions: To understand that the Company will, in certain circumstances, exclude certain expenditure from procurement arrangements. For example:

- Where the benefit of a long-term relationship is deemed to override the potential financial savings from procurement.
- Where the required goods or services are only available from a specialist provider.
- Where market testing has been undertaken that demonstrates that best value is being achieved.

3. Policy and Procedure

Rykneld Homes maintains its Procurement Policies and Guidance in accordance with best and latest procurement guidance and will continue to seek out best practice. All procurement, regardless of size, is subject to the Financial Regulations and Contract Procedure Rules of RHL.

Rykneld Homes will ensure that Procurement staff are fully trained and appropriately qualified, and that all staff involved in procuring goods and services are trained in the requirements of RHL Financial Regulations and Contract Procedure Rules.

Action – Rykneld Homes will supplement this training by developing a simple Procurement Guidance Handbook to support Managers and staff on a day to day basis.

Rykneld Homes will continue to test the appropriateness of Policies and Procedures to ensure that they continue to provide the correct level of governance as the business and technological environment continue to change and develop over time.

3.1 Evaluation of Tenders

In evaluating tenders prior to selection, RHL will consider and set appropriate evaluation criteria and will comply with any legal requirements for evaluation of tenders. The use of evaluation criteria will be proportional to the size of the procurement. It will include the considerations set out in RHL's Procurement Policy for quality and price consideration.

Action – Evaluation Criteria Policy will be included in the Managers Procurement Guidance Handbook.

3.2 Customer Involvement

Rykneld Homes has an extensive involvement framework that enables customers to get involved and shape the service that is delivered at a level that suits them. There are three involvement groups: Neighbourhood Services Service Improvement Group, Repairs and Maintenance Improvement Group and the Tenant Scrutiny Panel. Where a major procurement exercise is being undertaken, tenants from the relevant involvement group will be invited to sit on the evaluation panel for selection of the preferred bidder for recommendation to RHL Board. All tenants who take part in tender evaluation will be given training to allow them to play a full part in the process.

4. Sustainable Procurement

4.1 Social Value

The Public Services Social Value Act came into force April 2013. It requires contracting organisations to have due regard for the social and economic value of their procurement processes and raise the profile of the social value agenda when contracting for services.

Rykneld Homes, as a social housing provider, always seeks added value when entering in a tendering process to provide the greatest benefit to local communities. At pre-procurement stage, RHL will consider for each tendering process, whether improved social value for economic, social and environmental wellbeing is applicable and can be demonstrated. It will also consider how this can be effectively measured and considered as part of the evaluation criteria.

We recognise that community benefits must be proportionate to the value of the contract being procured, but we will look at introducing set community benefits clauses for purchases over £20k (goods and services) and over £50k (works).

Actions –

- Develop a Sustainable Procurement approach for Procurement Policy
- Consider community benefit clauses for all tenders over £100k (works) and for service contract which lasts for at least two years.

4.2 Supporting Small and Medium Size Enterprises (SME's) and Local Business

All tender adverts are placed on Source Derbyshire a local website – www.sourcederbyshire.co.uk created to bring suppliers and buyers together. Source Derbyshire aims to make it easier for businesses to find out about potential revenue and to grow and develop to the benefit of the local community.

However, we will make a special effort to ensure opportunities are open to all and that SME's and local businesses should not be disadvantaged in any way in the tender process. Consequently, we will work to actively support local supplier development through events such as 'Meet the Buyer'.

It is recognised that successful local businesses will help reduce unemployment. Growth is one of North East Derbyshire District Council's key priorities and fits with RHL's three overarching Business Objectives and procurement can play an important part in delivering this.

Action –

Rykneld Homes will, over the course of 2018, develop an eight-point plan to help SME's and local businesses. This plan is described below:

1. Support local supplier development forums.
2. Ensure all tenders are advertised on Source Derbyshire.
3. Offer debriefs to unsuccessful suppliers to help with future bids.
4. Offer to meet local businesses on a one to one basis to ensure there is on-going dialogue between RHL and local business.
5. Review and monitor SME and local business success rate at bidding for contracts.
6. Ensure consideration is given to SME issues when developing a tender strategy.
7. Ensure a fair representation of local companies is invited for low value quotes and monitor the success rate of this policy.
8. Review tender documents to ensure they are consistent and user friendly.

5. Equality and Diversity

Rykneld Homes complies with Equality and Diversity (E&D) legislation and its E&D Policy in the procurement and delivery of services, paying particular attention to the needs of its customer profile. The Equality Act 2010 sets out the responsibility for public authorities, or those carrying out functions on behalf of public authorities, to comply with the general equality duty. In summary, those subject to the general equality duty must have regard to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance the equality of opportunity between people who share a protected characteristic and those who do not

- Foster good relations between people who share a protected characteristic and those who do not.

In order to comply with procurement law, RHL will consider the extent to which equality considerations are relevant and proportionate to the subject matter of the procurement.

Rykneld Homes has undertaken, through consultation with customers, Equality Impact Assessments on the services it provides. Any issues arising from these are taken into account when RHL is procuring goods or services in these service areas.

Rykneld Homes will have a fair and accessible procurement process by:

- Simplifying the guidance available to potential suppliers about how we procure goods, works and services
- Making information about RHL's procurement opportunities more accessible ("meet the buyer" events, information on the website and by advertising contracts on the appropriate procurement websites, such as "Source Derbyshire").

When we use contractors to deliver services on our behalf, we will make sure that they do so in a way which meets the needs of all our tenants and/or employees by:

- Seeking information from tendering companies about their E&D policies and practices and using this to help shortlist suitable candidates
- Including standard E&D clauses in major contracts to ensure contractors meet relevant statutory duties
- Consulting our major contractors on any statutory E&D Policies/schemes we develop.

6. Contact Information

If you have any comments, queries or suggestions in relation to this Strategy, please contact:

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