

Group Procurement
Strategy

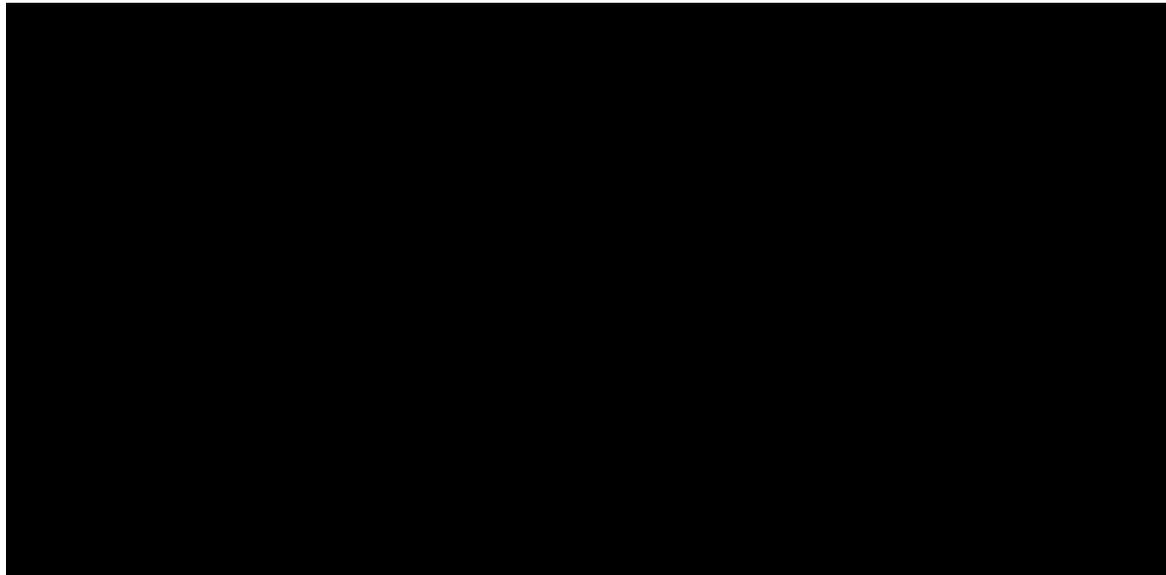


Introduction

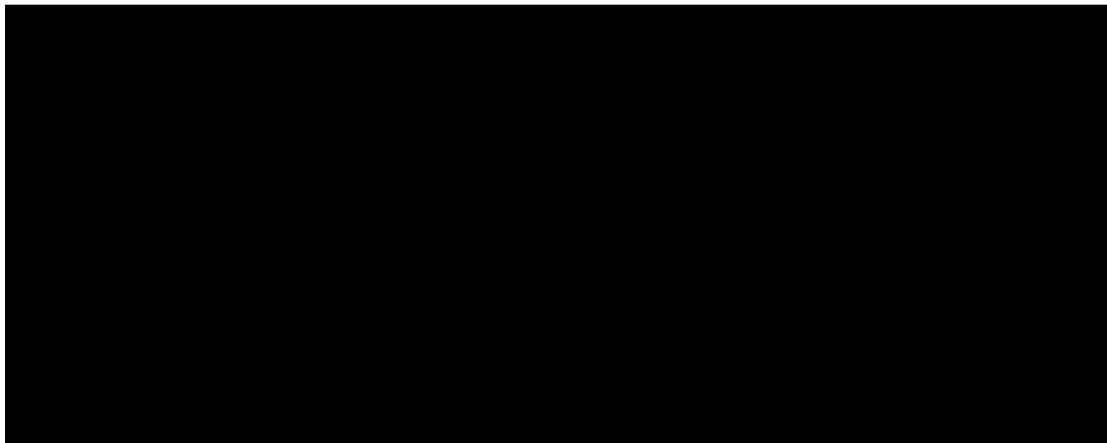
Places for People Group are one of the largest property management, development and regeneration companies in the UK. We own or manage over 143,000 homes in a mixture of different tenures and have assets of more than £3 billion.

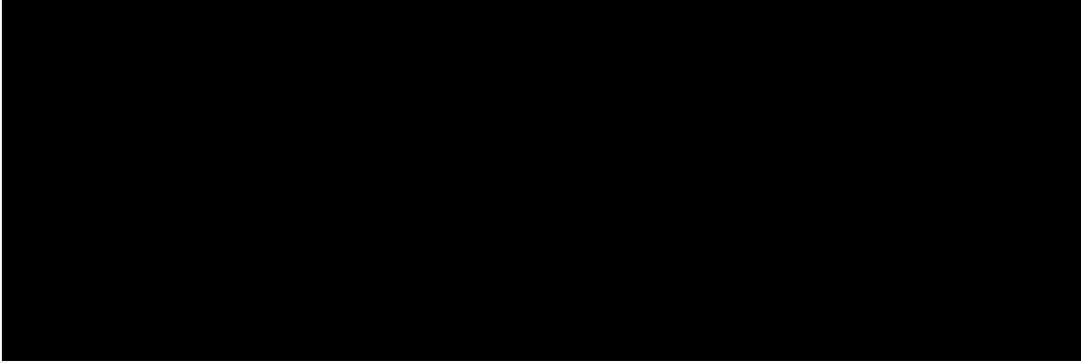
With over 5,100 FTE, we are a unique organisation that provides a diverse range of products and services to create high quality, safe and sustainable communities.

We are uniquely placed to deliver sustainable communities by virtue of our portfolio of products and services, which incorporate the following brands:



- Castle Rock Edinvar - is our housing provider and neighbourhood management company in Scotland
- Places for People Scotland - is a subsidiary of Castle Rock Edinvar





Procurement Function

 The goods and services we buy are largely paid for from public funds so we have a legal and moral duty to ensure that value for money is achieved.

Place for People Group endeavours to purchase goods, services or works from internal and external suppliers to achieve the optimum balance of cost, benefit and management of risk which meet the needs of all stakeholders and the communities we work in. Over and above this we strive to be the best provider of procurement and procurement innovations within the Housing Sector.

All procurement processes must:

- Achieve Value for Money for our Customers and Places for People Group
- Be consistent with the highest standards of integrity
- Ensure fairness and transparency in the award of contracts
- Comply with all Public Procurement legislation
- Support Places for People's Visions and Values
- Comply with our Purchasing Manual Procedures
- Play a key role in the overarching Places for People's Value for Money Strategy.

The purpose of this document is to clarify, communicate and to embed the Places for People Group approach toward such principles as collaboration across public spending bodies, e-procurement, harnessing economies of scale and connecting this with supporting local businesses, Small Medium Enterprises and Social Enterprises to unlock cashable and non-cashable savings.

Procurement Strategy Statement

Places for People and all of its subsidiaries aim to deliver greater Value for Money and efficiency in all that we do. Every regulated procurement conducted in line with our Procurement Strategy means that we must:

- Support our organisation in the delivery of well managed housing of appropriate quality.
- Assist our Development operations in building and creating Neighbourhoods of Choice where people choose to live and work with homes to buy and rent.
- Assist our organisation in ensuring that our vulnerable customers have access to appropriate and diverse services tailored to their individual need.
- Engage in sourcing products that give our customers an appropriate degree of choice and protection.
- Ensure the procurement has a sustainable procurement duty in that the activity promotes an improvement to the wellbeing of Places for People Group, Customers and Communities, that facilitates the involvement of SME's and other third sector bodies as well as promoting innovation
- Operate in a mixed economy with access to a diverse and competitive range of suppliers providing quality and value for money goods and services all within the bounds of affordability that are fairly and ethically traded
- Select suppliers on the basis of most economically advantageous rather than on lowest cost alone.
- Ensure compliance with the relevant and most current public procurement legislation including all OJEU requirements and protect the organisation from the considerable risks associated with procurement not being properly conducted
- Use a fully auditable electronic means of tendering to create, publish and evaluate sourcing projects no matter their size and complexity. This electronic system is free of charge, will ensure all opportunities are advertised correctly via the correct channel and fully including SME's, significantly reducing the risk of corruption and bribery.
- Ensure that our customers and leaseholders have an opportunity to be involved in the procurement decision making process, with clear regard for their views and empower them in the use of procurement skills and information.
- Be open and available for customer scrutiny in order to develop the procurement service and drive continuous improvement
- Assist in enabling all of our operational teams across the group to perform their functions efficiently, effectively and economically (VFM)

- Help deliver financial viability and continuously align with the Corporate Business Plan.
- Adopt and promote sustainable procurement best practice and follow our sustainable procurement policy in order to safeguard the local and global environment whilst achieving value for money.
- Ensure that our suppliers meet the groups and any legislative social, economical and environmental wellbeing targets and local priorities when working for us and most importantly in our communities
- Ensure our suppliers target high levels of customer satisfaction and respect.
- Manage and mitigate the supply chain risk
- Ensure suppliers adhere to the payment of the living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.
- Ensure suppliers meet the minimum safety requirements set out by current relevant legislation and/or group policy.
- Maintain a purchasing governance structure and purchase to pay process with clear roles, responsibilities and accountabilities for purchasing decisions and effective controls to ensure the proper use of public funds.
- Maintain all efforts to pay all suppliers and contractors within 30 days so far as reasonably practicable
- Ensure all employees have a clear understanding of their role in procurement and what is required of them.
- Continue to involve customers in influencing key procurement decisions, allowing customers to shape areas such as strategy, specification, questions, assessment, interview and award.
- Embed e-procurement solutions into our everyday purchasing functions
- Establish clear procurement benchmarking protocols both internally and externally with industry peers
- Ensure commodity appropriate Key Performance Indicators or Service Level Agreements are put in place on all contracts and are reviewed at regular intervals
- Embed the value for money strategy in all that we do
- Maintain a contracts register for all contracts that have been conducted under a regulated procurement and publish as required by current legislation.
- Work with our economic development teams to establish links between our worklessness schemes and our supply chain as well as instilling targeted recruitment and training principles within appropriate tenders.
- Encourage and breakdown barriers to small firms, social enterprises and voluntary sectors in order to work with us.
- Enforce via contractual documents all community benefits as required by legislation.
- Establish the principles of partnering where appropriate within the Procurement Process

- Where required produce and publish, via the internet, an annual procurement report on our regulated procurements as soon as practicably possible after the end of each financial year, adhering to current legislation.
- Utilise Consortia or Collective Procurement options where benchmarking highlights them as the most appropriate option for cost and quality of product required.

Policy

This procurement strategy aims to build on the work completed since the establishment of the Group Purchasing team in 2005.

Any action plan generated from the strategy will be reviewed in line with the business plan setting process and will be updated as necessary to reflect progress, actions, , changes in legislation and any new agendas on the procurement landscape.

Delivering the Strategy

We recognise that our procurement decisions for goods, services and works have a major value for money impact, both locally and globally and throughout each service area.

Places for People through its overall procurement strategy for the Group will therefore strive to challenge the need for consumption of goods and services as a precursor to use and promote where possible taking the total cost ownership (including social, economical and environmental factors) into account in the procurement decision making process when awarding contracts and supply agreements across all company expenditure.

Places for People Group acknowledge that procurement strategies are not one size fits all and will engage meaningfully with both internal and external customers before agreeing a sourcing solution appropriate for the diverse needs of the organisation and its customers. Our operational teams must also ensure that they are clear and concise with their requirements in order to procure successfully.

To achieve value for money when procuring goods, services and works we will use our group volume and considerable economies of scale to deliver the

benefits of greater purchasing power to our customers and balance that benefit with high quality local delivery. Where appropriate we seek to work collaboratively with industry established consortiums to obtain better costs and quality of product where we do not have volume and establish our own collaborative framework hubs where we believe we can offer the benefit of our volume and expertise for wider value for money impact. Furthermore, we will work locally to establish supply networks for the most appropriate commodities where the best procurement strategy is not to procure collectively or collaboratively and thus ensuring our procurement processes do not create barriers to entry to SME and Third Sector Organisations

Risk mapping has enabled us to engage with our most strategic suppliers, actively promoting through a series of workshops best practice for sustainable procurement and we will extend this programme when practical to non-strategic suppliers. Through these workshops we will raise awareness to suppliers of our VfM, Equality and Diversity and sustainability objectives. We will also do this through our standardised Pre-Qualification Questionnaires, Tender documentation and our website. Further to this we will undertake self assessment diversity health checks with our Contractors.

Objectives

The Strategic Procurement team within Places for People Group are a central function of the Groups Finance Team. With all members currently either CIPS qualified or working towards this best practice qualification, they deliver a shared service to all of the Group's businesses.

The objectives of Procurement are to:

- Achieve best value for Places for People Group by establishing optimum terms.
- Maximise Places for People Group purchasing power by leveraging volumes for appropriate commodities.
- Assist User Departments and subsidiaries in delivering optimum sourcing solutions, e.g. refining specifications, selection of procurement method.
- Ensure that goods and services meet Places for People's specifications and are delivered on time and in the right quantity/quality.
- Seek efficiencies throughout the procurement process.
- Seek contractual protection against supplier failure/default and compliance with the Group's social, ethical and environmental policies.

- Ensure that the Places for People Group complies with all relevant procurement legislation.

These objectives will be achieved by:

- Adopting where beneficial a cross functional approach to represent the Places for People Group.
- Developing market knowledge and sharing best practice solutions and information relating to pricing, markets, products and suppliers.
- Strategic sourcing.
- Ensuring that Goods and Services are purchased from established Group contracts.
- Selecting suppliers fully capable of meeting the specification, of supplying on time at a competitive price and of guaranteeing continuity of supply over the contract period in the market places in which the Group operates.
- Harnessing the power of fair competition between suppliers.
- The adoption of common Group-wide specifications and products.
- Standardising purchasing policy and procedures.
- Identifying opportunities to optimise tax and currency positions related to purchasing activity.

Through the Group Purchasing team we will determine and manage the corporate supply chain risks to the organisation in developing a sustainable supply chain. We will identify commodities and suppliers that are strategic to the Places for People Group and work with them to ensure their viability and our consistency of supply. To assist in mitigating supply chain risks we will continue to validate all contracted suppliers' health & safety, financial, social and environmental credentials appropriate to the marketplace.

We will work with suppliers to drive efficiencies out of their processes and make improvements to the specification of goods and services supplied to Places for People Group and consider the costs/benefits of social, economical and/or environmentally preferable goods and services as alternatives

We will continue to raise awareness of our procurement work by communicating the VfM strategy, Procurement Strategy, procurement policy and procedures internally and externally to our stakeholders, including staff, customers and suppliers and encourage staff to actively review their consumption of goods and services by embedding these principles. To aid such reviews, we will gather management data from strategic suppliers to enable all group service areas to monitor, manage and improve on goods and services provided. In addition, we will further monitor supplier management

information to ensure bulk buying or volume discounts are maximised for the benefit of our customers and organisation.

Group Purchasing will also ensure our organisation's compliance by ensuring that Places for People procurement policy at all times complies with its legal and regulatory requirement in relation to Health and Safety, Equality and Diversity and Public Procurement legislation and continue to embed our governance structure within all procurement activity.