## PROCUREMENT STRATEGY

<table>
<thead>
<tr>
<th><strong>Executive Summary:</strong></th>
<th>This document outlines the procurement strategy for Orbit Group for 2014-2017, providing the baseline for 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Date of Strategy:</strong></td>
<td>June 2014</td>
</tr>
<tr>
<td><strong>Strategy Owner:</strong></td>
<td>Procurement Director</td>
</tr>
<tr>
<td><strong>Approved by:</strong></td>
<td>ET</td>
</tr>
<tr>
<td><strong>Date of Approval:</strong></td>
<td>April 2014</td>
</tr>
<tr>
<td><strong>Review Period:</strong></td>
<td>The strategy will be reviewed every three years</td>
</tr>
<tr>
<td><strong>Next Review Date:</strong></td>
<td>June 2017</td>
</tr>
</tbody>
</table>
| **Location of Live Document:** | The Orb  
(master copy held by the Head of Procurement Operations) |
1. **Introduction**

Procurement is the acquisition of works, services and goods to meet customer and service user’s needs, irrespective of whether such works, services or goods are bought, leased, or otherwise obtained and irrespective of the source of funding or other consideration for them.

Effective procurement does this in a way which ensures value for money and an ethical approach throughout the life cycle of the product or service, including primary inputs, production, use and disposal/termination.

Efficient procurement recognises that there are tensions between the various objectives of effective procurement and seeks to achieve the optimum balance in the precise circumstances of each sourcing activity.

Within Orbit procurement covers the development of new properties, maintenance and investment in existing properties and estates, together with all other goods and services required to support the delivery of solutions to customers, staff, business clients, partners and other stakeholders, and to support the operation of the business generally.

Procurement is recognised as a key part of a commercial business model and is at the heart of improving the social and environmental prospects of people and communities. Orbit is committed to meeting the challenges in all aspects of procurement.

In the context of this document the word “supplier” applies to all suppliers including works contractors, service providers, consultants and suppliers of goods.

2. **Vision Statement**

Orbit’s ambition is to work together to improve the social, economic and environmental prospects of people and communities and to be an organisation which maximises efficiency and resources through a commercial approach.

In support of this the Procurement vision is **“To improve efficiency and effectiveness through trust-worthy Procurement support.”**

Our purpose is to **“Deliver solutions that meet Customer needs in terms of cost, supplier choice, risk management and staff & resident engagement.”**
3. **The Strategic Base-line**

It is a fundamental base to the strategy that all Procurement shall be carried out in a manner which ensures compliance with all statutory and regulatory requirements and adheres to best practice guidelines as described in policy & procedural guidance documents and that systems are in place to plan, support, monitor and review procurement performance.

4. **Strategic Objectives and the Link to 2020**

The Six Themes of Orbit’s 2020 strategy are linked to the Procurement Vision by the following key objectives:

- To adopt best practice procurement throughout Orbit – this objective supports our ambition of **maximising efficiency and resources through a commercial approach** and **harnessing insight, innovation and technology to create solutions**;
- To deliver a corporate procurement programme that provides value for money, cashable savings and/or added value – this objective supports our aim of **making surplus to re-invest**;
- To ensure that all staff involved in the purchase of works, goods and services and/or in the management of the on-going contracts relating to their provision are trained in the skills appropriate for the level and impact of their activity and are supported by a strong, central, professional and cost-effective procurement and contract management service – this objective supports our aim of being **disciplined, open and accountable**;
- To develop and manage a supply base of appropriate size, quality and cost effectiveness through efficient trading mechanisms which make it easier for our staff to make purchases - this objective supports the **simplify and be consistent** principal;
- To encourage sustainable procurement, help reduce waste and effectively manage internal demand for goods and services - this objective supports our ambition of **improving social, economic and environmental prospects of people and communities**;
- To establish, maintain and deepen strategic relationships and alliances, including shared services and collaborative procurement, with complementary organisations e.g. RP’s, Local Authorities and other best in class organisations - this objective supports the our principals of **Lead and Influence** and **Innovate and Change**.
5. **Delivering the Strategy**

5.1. **Responsibility**

Delivering the strategy is not simply the responsibility of the Procurement Team or other officers who have been allocated specific tasks or undertake specialist roles. All staff must recognise the need for effective and efficient procurement and to understand how they support its delivery.

All managers will therefore ensure that their teams understand and comply with this Strategy, Group Standing Orders and all related policies and Procurement procedures.

The Procurement Director is responsible for ensuring that current guidance is freely and readily available via The Orb, direct training delivery and/or other agreed channels.

5.2. **Governance Framework**

All procurement activities will comply with:

- UK public procurement Regulations which implement European Directives (and supporting European case-law where advised that this is applicable under the UK interpolation of the European Directives)
- European or UK regulations applying to the works, goods or services being procured e.g. Health & Safety legislation, Information Governance requirements,
- Relevant technical standards and codes of practice
- Group Standing Orders

5.3. **Financial Framework**

The authorisation for any procurement activity will be governed by the delegated authority levels set out in Group Standing Orders.

All procurement activities will involve the following financial functions as part of each project:

- A spend analysis to fully determine the baseline for any claimed savings
- A statement as to cashable and non-cashable efficiency objectives
- A post-tender report including a full benefits capture statement

All savings and efficiencies achieved on any procurement activity will be reported to the Finance Team at agreed intervals.
To ensure a good product a Cost/Quality ratio will be applied to all procurement activities requiring a full tender. The default ratio shall be 60% Quality : 40% Price but the differential may be widened by agreement with the Project Sponsor on a case by case basis.

All procurement shall seek to minimise the administration burden during the life of the contract, giving due consideration to:

- The use of automated purchase to pay type systems
- The availability of electronic catalogues
- The reduction and management of invoicing, certification and other associated documents.

All procurement shall be undertaken in such a manner that:

- All Leasehold, Service Charges and the like can be fully recovered.
- The cost basis for any charges is clear and transparent.

5.4. Supplier Management

Following the outputs of our investigation of “world Class” procurement, our approach is to focus on:

- Identifying “influenceable” spend within Orbit; i.e. spend which derives from procurement activity (excluding, for example, taxes, salaries, statutory fees, etc) and categorising the high value and/or high risk areas for priority focus
- Using the category analysis to work with the OA’s and other parts of the Group to deliver savings and achieve other Triple Bottom Line objectives
- Managing the supplier base – controlling the numbers of suppliers in each category area at an optimum level and ensuring that only appropriately sourced and approved suppliers are commissioned
- Ensuring that all relevant certificates and other assurance checks on suppliers are carried out at the required intervals
- Ensuring effective contract management arrangements are in place for key contracts and supporting the development of contract management skills across Orbit
- Supporting the development of procurement skills across Orbit, including the linkages with other processes such as resident consultation and service charge recovery
- Implementing effective IT/P2P systems making it easier for staff to make purchases and reduce “maverick” spend.
5.5. **Corporate Social Responsibility**  
**Ethical Procurement, Social Value and the Triple Bottom Line**

All procurement will proactively seek to:

- be ethical and sustainable, including wherever possible specific requirements to directly support Orbit’s environmental aspirations and strategies;
- comply with sound Equality and Diversity principles, fully support Orbit’s Equality and Diversity Statement and other codes of conduct and require our supply chain to do likewise;
- be appropriately specified avoiding the waste of over-engineering or “gold-plating”;
- consider the use of small and medium sized enterprises to support local communities or determine how larger suppliers will contribute to the local economy;
- include proportionate social value requirements in all contracts to support the Community Investment priorities in each area.

5.6. **Training and Knowledge Base**

All senior staff in the Procurement Team will be MCIPS qualified and required to maintain their membership and meet minimum CIPS continuing professional development requirements, including the newly introduced Ethical Purchasing Certificate.

The Procurement Team will offer a package of standard and bespoke training and work with the OAs and other parts of the Group to ensure that all staff are trained to a level appropriate to their current role and future aspirations.

The Procurement Team will offer an ad hoc advice service to all staff carrying out procurement or contract management activity.

Where appropriate we will use the services of external consultants and other appropriately qualified companies to supplement and support the procurement activity.

6. **Our Procurement Priorities**

To provide the solid base for meeting our 2020 requirements, the key priorities for 2014-17 are:

- To implement the agreed supplier management database establishing robust processes for the take on and monitoring of suppliers;
- To further develop the P2P capability of the Group ensuring more robust financial control whilst simultaneously making it easier for staff to make purchases, via a single electronic ‘point of entry’;
• To actively promote sustainable procurement practices and to maximise financial efficiencies and social value leverage, including raising the profile of the potential to engage with small and medium sized enterprises

• To adopt the principles of Spend Analysis and Category Management, specifically to carry out the spend analysis and to devise a cost & risk based sourcing plan, which shall be updated on an on-going basis and formally reviewed every three years;

• To deliver procurement and contract management training to those staff who involved in these activities;

• To ensure that all sourcing activity includes the investigation of procurement options such as partnering and collaboration through consortia buying and the identification of innovation opportunities

• To fully review current procurement processes to ensure the potential benefits of the new team structure are fully realised, and that sourcing activity is fully aligned with this strategy.

7. Compliance with Document

All staff shall be required to comply with the requirements of this strategy. Non compliance may lead to action under disciplinary procedures

8. Monitoring and Review

This strategy shall be reviewed every three years in consultation with customers and colleagues.

This strategy shall be amended following any change in legislation impacting upon it or following any significant change in operating arrangements. Any amendment will also incorporate continual improvement from lessons learnt and improvements identified from colleague, customer and supplier feedback.

Existing contracts and procurement activity will be periodically audited to ensure compliance with the strategy.

Targets shall be set and performance monitoring carried out in support of the identified priorities.

Gary Stephens
Procurement Director
{date}