



Your Homes
Newcastle

**Corporate Procurement Strategy
June 2009**

Our Corporate Procurement Strategy sets out the Vision and Strategic Aims which direct and govern our procurement activities.

It outlines the Policies, Toolkits and Processes that we use to deliver the Strategy. It also contains an action plan setting out our overall “direction of travel” and specific actions to achieve our Strategic Aims.

Our Corporate Procurement Strategy has been approved by Board and is reviewed on an annual basis.

Date of last review: April 2009.

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Other useful websites:

Office of Government Commerce www.ogc.gov.uk

North Eastern Purchasing Organisation www.nepoportal.org

Regional Centre of Excellence www.rcoe.gov.uk

North East Centre of Excellence www.nece.gov.uk

Audit Commission www.audit-commission.gov.uk

Communities & Local Government www.communities.gov.uk

Procurement for Housing www.procurementforhousing.co.uk

Part 1 Introduction

1.1 Procurement

1.1.1 What is Procurement?

Procurement is the process by which we obtain goods, services and works. Procurement is more than just purchasing. The procurement process covers a full lifecycle of activities starting with the identification of needs, through to evaluation, purchasing and contract management.

Procurement can range from the day to day purchasing of commodities to purchasing key strategic items (such as large capital assets), commissioning a service or buying an entire service. Goods and services can be provided by internal or external providers and there are a number of different models for provision of services, such as private finance initiatives and public private partnerships.

1.1.2 Why is Procurement important?

All of our services involve procurement. There is a direct link between good procurement and the delivery of high quality and cost effective services to our customers.

The importance of getting procurement right is reflected in national strategies and developments:

- The Gershon Efficiency Review (2003-2004) carried out by the Government identified procurement as one of the most important areas for efficiency gains;
- Arms Length Management Organisations (ALMOs) have a duty to provide “value for money” and must continually review and improve services;
- The Regional Centres of Excellence (RCEs) have joint working on procurement high on their agenda; and
- Several procurement consortia for the social housing sector have been established to reduce costs and improve quality through collective purchasing.

1.2 Procurement in YHN

1.2.1 Our Vision and Values

The mission for Your Homes Newcastle is:-

To be the best housing provider in the North East

We will achieve our mission by investing in:-

- **S**upport and care to communities;
- **T**hree star excellent services;
- **A** quality workforce; and
- **R**efurbishing and building homes.

Our work will be underpinned by the following principles:

- Involving tenants;
- Providing choice based on tenants' wishes;
- Ensuring equality and recognising diversity;
- Valuing and developing our staff to deliver excellent services;
- Making the best use of our resources;
- Being open and accountable; and
- Working in partnership to achieve more than we can alone.

These aims and principles have been developed in conjunction with tenants and staff and support the delivery of the aims of both the Newcastle Partnership and the City Council.

This Strategy recognises the important contribution effective procurement makes to the delivery of strategic objectives. Through the implementation of this Strategy Your Homes Newcastle will ensure that each service, including the goods and services we need to operate effectively, is delivered from the most appropriate and economically advantageous source.

1.2.2 Our Strategic Planning Framework

Your Homes Newcastle has a Strategic Planning framework to ensure that all of our activities are aligned with our strategic priorities.

The diagram in Appendix 1 shows how the priorities of Your Homes Newcastle feed into our Delivery Plan and service plans right down to the level of individual staff appraisals.

This strategy is aligned to our Delivery Plan and supports our strategic objectives.

1.2.3 Governance and Leadership

We have established governance arrangements to provide leadership and clear direction to all of our procurement activities. Please refer to Appendix 2 for a diagram showing reporting arrangements.

The key groups and individuals are outlined below:-

Finance Committee	<ul style="list-style-type: none">• Delegated authority for the development and implementation of this Strategy; and• Governance of major procurement projects.
Director of Finance and Resources / Company Secretary	<ul style="list-style-type: none">• Responsible for Your Homes Newcastle's efficiency programmes including strategic procurement and purchasing
Procurement and Payments Team	<ul style="list-style-type: none">• Central point of contact for all procurements; and• Identifying and delivering procurements, providing procurement advice and sign posting to the most appropriate source of expertise
Value for Money Project Board	<ul style="list-style-type: none">• Project manage reviews of services provided in-house;• Project manage reviews of SLAs between Your Homes Newcastle and Newcastle City Council; and• Undertake options appraisals

1.3 About our Corporate Procurement Strategy

1.3.1 Purpose of this document

The purpose of the Corporate Procurement Strategy (CPS) is to set out the vision and strategic aims which direct and govern our procurement activities. This document outlines the policies, toolkits and processes that we use to deliver the strategy. It also contains an action plan setting out our overall "direction of travel" and specific actions to achieve our strategic aims.

The CPS has been developed to ensure that an effective and consistent approach to procurement is taken across Your Homes Newcastle. The Strategy has been informed and influenced by a number of factors.

- Audit Commission inspection;
- Audit Commission Housing Key Lines of Enquiry;
- Review of Procurement;

- Efficiency Strategy; and
- Newcastle City Council's Corporate Procurement Strategy
- Internal Audit of Procurement Systems and Procedures.

1.3.2 Structure of this document

Our first Corporate Procurement Strategy was approved by Your Homes Newcastle's Board in 2004 and updated December 2007. This document is the most recent revision as at April 2009.

This document has five parts which are described below

Part 1	Introduction	This section defines procurement and sets the context for procurement in Your Homes Newcastle. It also explains the purpose of the Corporate Procurement Strategy and outlines how it will be delivered and reviewed.
Part 2	Vision	This section sets out our vision for how procurement will contribute to achievement of Your Homes Newcastle's vision and objectives.
Part 3	Strategic Aims	This section explains how we will achieve the vision set out in Part 2. It identifies sixteen specific strategic aims (divided into four themes).
Part 4	Delivery of the Corporate Procurement Strategy	This section sets out how we will deliver the Corporate Procurement Strategy using a collection of policies, processes and toolkits. These are briefly summarised in this section with reference to the Appendices.
Part 5	Action Plan	The action plan sets out activities to support our general "direction of travel" together with specific actions to achieve our stated strategic aims.
	Appendices	Further detail is contained in the Appendices.

Appendix 21 contains a glossary of terms and abbreviations.

1.3.3 How we will deliver our Corporate Procurement Strategy

The Corporate Procurement Strategy will be delivered in the wider context of the Strategic Planning Framework outlined in section 1.2.2 above. The CPS is a key part of our commitment to ensure that we provide accessible and responsive services which are cost effective. We will ensure that each service obtains the goods and services it needs to operate effectively from the most appropriate and economically advantageous source.

We will deliver against our Corporate Procurement Strategy by using and developing the policies, processes and toolkits set out in Part 4 of this document. We will achieve our strategic aims for procurement by progressing the activities contained in the Action Plan in Part 5 of this document.

1.3.4 How we will review our Corporate Procurement Strategy

The Director of Finance and Resources will review progress against the Action Plan on a regular basis. Reports will be submitted quarterly to Finance Committee providing an update on progress.

Part 2 Vision for Procurement

Our Vision is to ensure that procurement:

- Contributes to delivering Your Homes Newcastle's strategic objectives;
- Helps to deliver value for money and improvements in service delivery arrangements;
- Is planned and undertaken in a structured, controlled and co-ordinated way;
- Contributes to delivery of the budget, medium term plan and Efficiency Strategy;
- Utilises and exploits technology to improve services and generate efficiencies; and
- Establishes and develops collaborative opportunities, partnerships and new and more effective ways of working.

Part 3 Our Strategic Aims

3.1 Overview of our Strategic Aims

We have identified **sixteen procurement aims** and will explain in the rest of Part 3 of this document how each aim will help us to achieve our vision. The **sixteen aims have been divided into four themes**:

Theme	Strategic Aims
Efficiency and Effectiveness	Efficiency and value for money Doing business electronically Effective governance and democratic accountability Standards and controls Risk management Performance management Training and development

Social Responsibility

Sustainability (social, economic and environmental)
Equality and diversity
Fair Trade
Fair employment

Community Focused

Focus on service needs
Community and customer engagement
Regeneration

Partnering and Collaboration

Constructive partnerships
Innovative collaboration

3.2 Efficiency and Effectiveness

3.2.1 Efficiency and Value for Money

We will use the “four Cs” - challenge, compare, compete and consult - to deliver best value across all of our services.

We will ensure that efficiency and value for money is delivered across all aspects of procurement in Your Homes Newcastle including:

- In-house service reviews;
- Service Level Agreement Reviews;
- Major projects; and
- All other Corporate procurements

We will focus on identifying efficiencies and delivering value for money throughout the procurement process. For example, options appraisal is the stage of the process that requires the most detailed work and innovative thought about service provision. It is critical that the appraisal is based on firm foundations of service definition and market intelligence.

We will ensure that external consultants will only be used when necessary and in accordance with our guidelines and Financial Regulations. Please refer to Section 4.2.13 for our policy on the use of consultants.

3.2.2 Doing Business Electronically

We are committed to e-procurement - doing business electronically. We will use information and communications technology to improve accessibility and the efficiency and effectiveness of our activities.

We will also encourage our partners and suppliers to do business electronically to reduce costs and improve communication.

Please refer to Appendix 15 for our e-procurement policy.

3.2.3 Effective Governance and Democratic Accountability

We will establish strong and effective governance. Finance Committee will play a key role in implementing, developing and monitoring the Corporate Procurement Strategy and all related policies. Our governance arrangements are illustrated and explained in Appendix 2.

We will regularly report on progress and evaluate the effectiveness of this Strategy. This will contribute to continual improvement in all aspects of our procurement practices.

Our policies on communication and engagement with all stakeholders (service users, customers, communities, trade unions, staff and suppliers) will contribute to the transparency and accountability of the procurement process. These policies are attached at Appendix 18 and Appendix 19.

3.2.4 Standards and Controls

We will ensure that all of our procurements comply with legal requirements and regulations. Our procurement practices must also meet Your Homes Newcastle's corporate values and high standards of ethics and good stewardship. Some of the key standards and controls which are relevant to procurement are summarised below:

Procurement law and the regulatory framework

- Procurement is governed by a number of legislative and regulatory sources. The Director of Finance and Resources provides guidance to the Finance Committee as necessary on appropriate legislation and legislative processes. The Director of Finance and Resources will draw on the Service Level Agreement with Newcastle City Council's Legal Services to provide guidance if required; and
- Please refer to Appendix 4 for a list of currently applicable legislation.

Financial regulations

- Your Homes Newcastle is governed by Financial Regulations. Financial Regulation 8 governs 'Procurement and Contracts'; and
- A summary of Financial Regulation 8 is attached at Appendix 5 together with two key diagrams providing guidance on the process, financial thresholds and documentation requirements. A full copy of the Financial Regulations is available on request.

Whistleblowing

- We are committed to the highest possible standards of openness, probity and accountability. We encourage and expect employees and other people we deal with who have concerns about any aspect of our work to come forward;
- Our Whistleblowing Policy has been put in place to encourage the raising of concerns without fear of victimisation, subsequent discrimination or

- disadvantage;
- The policy applies to all employees and those contractors working for us, for example agency staff, builders and drivers. It also covers suppliers and those providing service under a contract with us in their own premises, for example homes;
- Whistleblowing Policy is reflected where appropriate in our Procurement documentation; and
- A copy of our Whistleblowing Policy can be located at www.yhn.org.uk.

Health and Safety

- We are committed to providing a safe and healthy work place and work environment for all of our employees, contractors and suppliers. This commitment forms part of our corporate health and safety policies but we will also consider health and safety issues when qualifying contractors and suppliers with whom we may do business. Relevant health and safety issues will form part of the contract documentation.

3.2.5 Risk Management

We are committed to a risk-based approach to all aspects of the procurement of goods, works and services.

One aspect of risk management is evaluating and determining the capabilities of suppliers and contractors with whom we may do business. We will achieve this by:

- Building pre-qualification into the procurement process for contracts in accordance with our Financial Regulations;
- Pre-qualifying all contractors and suppliers with whom we have framework arrangements or who form part of any standing list we may operate; and
- Monitoring performance / key outcomes of contractors.

Risk management is built into our procurement processes from Options Appraisal through to procurement and contract management. Please refer to Appendix 16 for further details of our risk management approach.

3.2.6 Performance Management

We will establish and develop a culture of performance management. This will incorporate mechanisms for monitoring and reporting progress, and a drive for continuous improvement.

Evaluation of the options appraisal and procurement processes is important to draw on the lessons learnt and to feed these into future appraisal and procurement best practice. Performance management will include:

- Regular reporting to the Director of Finance and Resources and Finance Committee during the appraisal and procurement processes;
- A “challenge” evaluation of each options appraisal and procurement

process will be carried out jointly and the findings will be shared. Staff or their representatives will be consulted during the evaluation process where appropriate;

- Performance Indicators as a driver for procurements; and
- All contracts and Service Improvement Plans will be subject to Your Homes Newcastle's performance management and monitoring regimes.

Performance standards will be built into all contracts as appropriate. Failing contracts will be identified as early as possible and a range of actions will be considered. The policy in relation to failing contracts can be found in Section 4.2.11.

Quality assurance will be carried out through the Gateway Review Process. The Office of Government and Commerce (OGC) developed the Gateway Process for Government Departments to provide a method of 'managing' a project at critical stages in its lifecycle to provide assurance (with supporting evidence) that the project can proceed to the next stage. Further information about the Gateway Review Process can be found in Section 4.2.13.

3.2.7 Training and Development

We will take a structured and co-ordinated approach to education, training and development for all officers with procurement responsibilities across Your Homes Newcastle.

Relevant policies, toolkits and guidelines will be easily accessible for all members of staff. This information will be maintained and updated as necessary.

3.3 Social Responsibility

3.3.1 Sustainability (social, economic and environmental)

We are committed to sustainable procurement by ensuring that social, economic and environmental issues are considered during all stages of a procurement process and as part of the whole life cost of a contract. We will achieve this by ensuring that sustainability considerations are embedded within our procurement processes and by promoting good practices with those with whom we do business.

We are committed to improving community well-being, in both the local and regional economies by encouraging local purchasing of goods and services, increasing opportunities for black and minority ethnic enterprises and creating local employment and training opportunities.

We are committed to ensuring that our procurement activities and those of our suppliers do not have a detrimental effect on the environment and have a positive influence on whether Your Homes Newcastle achieves its sustainable and environmental aims. We will reduce the negative effect on the environment of the products and services that we buy, by considering the

effect of our decisions and by working with suppliers where appropriate, to ensure they have a similar commitment.

3.3.2 Equality and Diversity

We strongly support equal opportunity, equal access and positive outcomes for all sections of the community when procuring goods, works and services. We aim to ensure that organisations which provide these on our behalf comply with equality legislation and promote equality of opportunity.

We will achieve this by considering that equality issues and benefits are factored early into the planning process for all procurements.

Further information on our equality and diversity policies can be found in Appendix 6.

3.3.3 Fair Trade

Products from developing countries are often sold at prices that do not afford their producers a decent standard of living. 'Fair Trade' aims to alleviate poverty and "humanises" the trade process by making the producer-consumer chain as short as possible so that consumers become aware of the culture, identity and conditions in which producers live.

Newcastle has been a "Fair Trade City" since February 2003. We are committed to increasing the awareness of Fair Trade throughout Newcastle and (where appropriate) to explore the scope for procuring Fair Trade products.

3.3.4 Fair Employment

A skilled and competitive workforce is a vital component of Your Homes Newcastle's ability to respond to the rapidly changing public sector environment. We value our staff and give training and development a high priority.

We recognise that Service Reviews and Major Project procurements may result in a change in the way services are supplied – for example, a private public partnership or a form of outsourcing. This could result in staff transferring to another employer (in line with Government policy). We will seek to minimise the negative impact of the procurement process by proper and systematic consultation. This should also minimise unexpected decisions. We will consider applying all aspects of the Government's Code of Practice on Workforce Matters in Local Authority Service Contracts subject to the possible effect on value for money, core objectives or service procurement.

Our commitments relating to fair employment are set out in Appendix 17.

3.4 Community focused

3.4.1 Focus on Service Needs

It is important that the needs of service users are fully analysed and considered during any procurement process. This analysis must take account of the current level of met and unmet needs and how this may change in the future.

The needs of socially excluded groups and equality groups (gender, race, disability, religion, marital status, age, sexual orientation, with/without dependants, political belief) must be fully documented and taken into account.

3.4.2 Community and Customer Engagement

We are committed to listening and talking to our communities and customers about what they want. Our values and overall strategy are set out in the Citywide Tenant and Leaseholder Involvement Strategy and Citywide Tenant and Leasehold Involvement Compact. The views of customer and community representatives should be sought as appropriate during procurements.

Service users and community organisations will play a key role in options appraisals in connection with key services and regeneration projects where their involvement is an essential part of the public policy making process.

Service users, community organisations and trade union representatives will be consulted if any 'deconstruction' of a service is under examination for outsourcing or market testing purposes in order to assess the detailed implications.

Our policies and procedures in relation to stakeholder engagement are set out in Appendix 19.

3.4.3 Regeneration

The contribution to service provision made by small and medium-sized enterprises (SMEs), social enterprises (SEs), voluntary and community-sector suppliers, black minority ethnic groups (BMEs) is highly valued by Your Homes Newcastle. We are committed to working with a diverse range of suppliers to ensure that they are given every opportunity to understand Your Homes Newcastle's requirements and gear themselves up for procurement opportunities.

Your Homes Newcastle is committed to improving community well-being both in the local and regional economies by encouraging local purchasing of goods and services and creating local employment and training opportunities.

Community benefit requirements can be included in contracts that are below EU Public Procurement Thresholds and can be a factor in the selection and award of the contract provided that non-local contractors are not disadvantaged and these contracts comply with the Government's procurement policy.

Where procurements are above the EU Public Procurement Thresholds, community benefits can be included and can be used in the selection and award procedures provided that each of the following tests are met:-

- They are related to the subject of the contract;
- They are mentioned in contract notices;
- They do not disadvantage non-local contractors;
- They are supported by the powers and policies of Your Homes Newcastle and Newcastle City Council ; and
- They provide a 'measurable benefit' to Your Homes Newcastle.

3.5 Partnering and Collaboration

3.5.1 Constructive Partnerships

We recognise the importance of joint working through partnerships as a way of delivering:-

- More efficient ways of working;
- More cost effective ways of working; and/or
- New and better models of delivery.

A number of partnerships already exist within Your Homes Newcastle. We are committed to challenging and improving these whilst also exploring new opportunities with other local authorities and public sector bodies, private and voluntary sector organisations and with central government.

3.5.2 Innovative Collaboration

North Eastern Purchasing Organisation (NEPO)

We are part of a purchasing and contracting consortium, the North Eastern Purchasing Organisation (NEPO) which sets contracts for common purchases on behalf of its constituent Authorities:-

- All 5 Tyne & Wear councils;
- Hartlepool;
- Stockton;
- Northumberland;
- Middlesbrough;
- Redcar and Cleveland;
- Durham County; and
- Darlington.

- 13 other associate members

The contracts set by NEPO are fully compliant with the appropriate Financial Regulations and EU Legislation. Constituent Authorities benefit by pooling the resources of a group of professional purchasing officers situated in the North East and from their general knowledge and expertise in purchasing matters. The Consortium is currently investigating potential savings that can be achieved within the wide variety of market places.

HouseMark

We are a member of HouseMark, which is a joint venture by the Chartered Institute of Housing (CIH) and the National Housing Federation (NHF). HouseMark provide a number of services to social landlords including:-

- Benchmarking;
- Performance improvement clubs; and
- Good practice.

Procurement for Housing (PFH)

We are a member of Procurement for Housing (PFH). PFH is a purchasing organisation for the social housing sector and is supported by The National Housing Federation (NHF) and the Chartered Institute of Housing (CIH). All PFH deals are EU compliant and are awarded Agreements through the EU tendering process via the Official Journal of the European Union (OJEU).

North East Procurement

We are a member of North East Procurement Ltd which is a company limited by guarantee i.e. not for profit. It is a consortia of social housing providers with stock in the North East of England that was established through the National Change Agency Housing Programme. NE Procurement aims to deliver sustainable efficiencies, and enable the provision of social and community benefits to all of its member organisations through collaborative procurement and related strategies. As a consortia, NE Procurement will leverage their volume and expenditure in order to achieve this.

There are 10 live consortia nationally with a further 8 at the feasibility stage.

Members of North East Procurement include:-

1. YHN;
2. Coast and Country (Redcar and Cleveland stock transfer RSL);
3. Housing Hartlepool (stock transfer RSL);

4. Blyth Valley Housing (ALMO);
5. Erimus Housing (Middlesbrough stock transfer RSL);
6. Three Rivers Housing;
7. Tees Valley Housing;
8. Home NE
9. South Tyneside Homes; and
10. Dale and Valley (Wear Valley stock transfer RSL).

North East Centre of Excellence (NECE)

We are also a member of the North East Centre of Excellence (NECE). This is a Regional Centre of Excellence (RCE) established in 2004 as part of the Government's national agenda on procurement and forms part of the 'National Procurement Strategy for Local Government'.

It is intended to be a "catalyst for improving procurement, collaboration and partnering to deliver better and more effective services across local government and eventually the wider public sector thus improving service delivery and improvement".

It represents the 25 local authorities in the North East but also engages other public and private sector organisations in helping to develop the procurement agenda across the region. It is based in Gateshead Council and further information can be obtained from www.nece.gov.uk.

Office of Government Commerce (OGC)

OGC is an independent office of the Treasury. Together with its executive agency Buying Solutions, it works with public sector organisations to gain the best possible value for money from procurement.

It deploys expertise in support of the Government's efficiency gain targets, which includes the achievement of savings through efficient public procurement. It supports initiatives that encourage better supplier relations, sustainable procurement, the benefits of utilising smaller suppliers and the potential of eProcurement. It represents the UK at the European Union (EU), helping the public sector apply EU procurement rules here in Britain.

OGC also supports major programme and project management, which involves complex procurement.

Your Homes Newcastle seeks to utilise pre-determined OGC contracts wherever they deliver value for money.

Part 4 Delivery of the Corporate Procurement Strategy

4.1 Overview

This section sets out how we deliver the Corporate Procurement Strategy using a range of policies, processes and toolkits. These are briefly summarised in this section with reference to the relevant Appendix (where applicable) containing the full document.

Going forward, we will improve our delivery of the Corporate Procurement Strategy by undertaking the activities contained in the Action Plan in Part 5 of this document.

4.2 Policies, Processes and Toolkits

This section summarises our key policies, processes and toolkits. These will be revised, added to and updated regularly. Please contact us if you need the most up to date information (see page 4 for contact details).

Section	Title	Appendix reference
4.2.1	Procurement Policy	Appendix 7
4.2.2	Procurement Service Review Programme	Appendix 8
4.2.3	Corporate Procurement Process	Appendix 9
4.2.4	Options Appraisal Toolkit	Appendix 10
4.2.5	Framework Agreement Guidance	Appendix 11
4.2.6	Establishing Ethics Walls	Appendix 12
4.2.7	Setting Evaluation Criteria	Appendix 13
4.2.8	Soft Market Testing	Appendix 14
4.2.9	E-procurement Policy	Appendix 15
4.2.10	Major Projects	N/A
4.2.11	Failing Contracts	N/A
4.2.12	Risk Management Process	Appendix 16
4.2.13	Use of Consultants	N/A
4.2.14	Fair Employment Policy	Appendix 17
4.2.15	Fair Employment – Staff Engagement Policy	Appendix 18
4.2.16	Policy for User and Community Engagement Roles and responsibilities of Your Homes	Appendix 19
4.2.17	Newcastle and Newcastle City Council	Appendix 20

4.2.1 Procurement Policy

Please refer to Appendix 7 for the full process.

All ALMOs have a duty to provide “Value for Money”. We must continually improve our services in terms of quality, effectiveness and efficiency. This policy sets out the approach that we take to achieving “Value for Money”

across our services. This may be through indirect competition (benchmarking) or direct competition (a procurement exercise). It sets out the conditions under which Your Homes Newcastle is committed to using in-house services and works.

4.2.2 Procurement Service Review Programme

Please refer to Appendix 8 for the full process.

The Procurement Service Review Programme potentially encompasses all services. The Programme is prioritised on the basis of Medium Term Plan priorities, performance indicators, HouseMark benchmarking reports, spend analysis, budget and risk analysis.

The first step in the process is to analyse future service needs and performance. If these are satisfactory, then no further action is taken until the next review. If there are weaknesses, there are three potential outcomes: retention of current service provider supported by a Service Improvement Plan; procurement exercise with a supported in-house option; or procurement exercise without a supported in-house option.

4.2.3 Corporate Procurement Process

Please refer to Appendix 9 for the full process.

This process sets out all the steps to be undertaken in a procurement from preparing a business case through preparation of procurement documentation, advertisement of procurement, tender process to contract finalisation and contract monitoring.

This process sets out when the “Competitive Dialogue” procedure applies and explains when Framework Arrangements are appropriate. It outlines the process to be followed in relation to an In-House Option including the establishment of Ethics Walls.

It also contains a flowchart outlining the corporate procurement process and a practical guide for officers.

4.2.4 Options Appraisal Toolkit

Please refer to Appendix 10 for further details of the toolkit.

Options Appraisal is the stage of the procurement process that requires the most detailed work and innovative thought about the provision of the service.

The Options Appraisal Toolkit helps to inform this process by providing guidance on market research and how to identify potential options. It then sets out the methodology for appraising the different options in order to make a recommendation.

4.2.5 Framework Agreement Guidance

Please refer to Appendix 11 for the full guidance note.

This guidance note explains what a Framework Agreement is and how it is used. It provides guidance on the establishment on a Framework Agreement, awarding call offs and the management and monitoring of Framework Agreements.

4.2.6 Establishing Ethics Walls

Please refer to Appendix 12 for the full policy.

If a procurement exercise involves a bid from an internal part of Your Homes Newcastle (in competition with external bidders), ethics walls need to be considered and set up at an early stage of planning. This guidance note explains why ethics walls are necessary and how they should be established and documented.

4.2.7 Setting Evaluation Criteria

Please refer to Appendix 13 for the full policy.

This guidance note assists in setting the evaluation criteria to be used in assessing bids. It gives examples of criteria and explains the use of evaluation matrices and clarification questions.

4.2.8 Soft Market Testing

Please refer to Appendix 14 for the full policy.

This guidance note defines “soft” market testing and explains how it should be undertaken. It provides guidance on how to engage the market and sets out guiding principles.

4.2.9 E-Procurement Policy

Please refer to Appendix 15 for the full policy.

This policy sets out our commitment to e-procurement. It provides details of our Purchase Order Processing System (POPS), internal market place, e-tendering, e-ordering, purchase cards and e-auctions.

4.2.10 Major Projects

Our definition of a Major Project is set out below. All Major Projects will follow the Corporate Procurement Process.

A major project is a non-routine project, either capital or revenue funded, which:

- Delivers both assets and services or has the potential to result in Your Homes Newcastle's services being delivered by other organisations. This does not include routine construction projects that are simply high value but with no other unusual features.

And

- Has a life cycle (period from project approval to contract completion) in excess of say 1 year, and/or
- Will result in a contractual commitment longer than say 2 years, and/or Is of a value that exceeds European Union Procurement Directive limits, and/or
- Involves a multi-disciplinary approach across Your Homes Newcastle and delivery will require significant time, effort and resources

Or

- Includes sensitive dependencies, and/or
- is identified for monitoring via a risk assessment, and/or
- is defined as such by Finance Committee (to accommodate shorter-term politically sensitive projects of relatively low financial value).

For example, major projects will include:

- All Private Finance Initiatives / Public Private Partnerships
- All projects undertaken in partnership with other organisations or in association with external bodies having a right of monitoring or approval over the project
- All significant regeneration/redevelopment projects

Key Point: If in doubt as to whether a project is covered by this definition, guidance should be sought from the Director of Finance and Resources or the Procurement and Payments Manager.

4.2.11 Failing Contracts

This policy sets out the actions to be taken in the event of a provider failing to deliver to the agreed contract performance standards.

Where following the letting of any contract, or implementation of a Service Improvement Plan, providers fail to achieve the agreed performance standards on a consistent basis then the following may be considered:-

- Additional and/or more intensive monitoring arrangements;
- Meetings with the provider to discuss the scope and cause of problems;
- Additional technical support to the provider, financed by the provider;
- Issue of warning notices when triggered by level of defaults; and

- Process of contract termination and selection of alternative provider.

Conditions and a procedure will be established for the removal of a service provider/contractor from any approved list as a consequence of poor performance.

Your Homes Newcastle acknowledges the right of tenants, leaseholders, service users, community organisations and staff and/or their representatives to make representations about the removal of failing or poorly performing service providers or contractors. Every service provider contract or Service Improvement Plan will include details of Your Homes Newcastle's Authorised Representative whose role is to monitor the service provider and is subject to Your Homes Newcastle's performance management and monitoring regimes. This officer is the first contact for any form of representation. Appropriate action will be taken by Your Homes Newcastle under the terms of the contract or Service Improvement Plan.

4.2.12 Risk management process

Please refer to Appendix 16 for further details of our approach to risk management.

This process sets out how risk management is built into our procurement processes from Options Appraisal through to procurement and contract management. It explains the relationship between risk management and procurement. A risk matrix is provided to identify the main risks at all stages of the procurement process.

4.2.13 Use of Consultants

We will ensure that external consultants will only be used when necessary and in accordance with our guidelines and Financial Regulations. Our guidance on the use of consultants is set out below.

Policy

In many projects or service procurements the use of external consultants may be necessary to assist with project delivery. Financial Regulations cover the circumstances and process for using External Consultants.

The Audit Commission's recommendations are:

- Use of consultants must demonstrate value for money; and
- Consultants are only to be used when in-house expertise or capacity is not available.

All external consultants must be procured in compliance with procurement legislation and the Financial Regulations. Consideration should be given to setting up framework and/or partnership arrangements for procuring consultancy advice where this would offer improved value for money and/or

added value.

All contractual arrangements for employing external consultants must be approved by the Director of Finance and Resources, and must comply with the Financial Regulations.

The performance of External Consultants must be monitored to ensure that their costs are managed and that value for money is obtained.

4.2.14 Fair Employment Commitment

Please refer to Appendix 17 for the full policy.

Some Major Project procurements may result in a change in the way services are supplied – for example, a private public partnership or a form of outsourcing. This could result in staff transferring to another employer (in line with government policy).

This policy sets out the ways in which we will seek to minimise the negative impact at all stages of the procurement process by proper and systematic consultation. It explains how we will consider applying all aspects of the government's Code of Practice on Workforce Matters in Local Authority Service Contracts (subject to the possible effect on value for money, core objectives or service procurement).

4.2.15 Fair Employment – Staff Engagement

Please refer to Appendix 18 for the full policy.

This policy is closely related to the Fair Employment Policy (see section 4.2.15). It provides further detail of how we will engage with staff and trade union representatives during procurement activities. The policy sets out key principles for engagement and explains how engagement will take place at different stages of the procurement process including documentation, bidder discussions and evaluation.

The policy also includes specific guidance in relation to engagement with staff and trade union representatives during options appraisal and in-house bids.

4.2.16 User and Community Engagement

Please refer to Appendix 19 for the full policy.

This policy explains our principles for community participation. It sets out how we will involve tenants, leaseholders, service users and community representatives at all stages of the procurement process.

4.2.17 Roles and Responsibilities of Your Homes Newcastle and Newcastle City Council.

Please refer to Appendix 20 for the full policy.

We procure a number of services from Newcastle City Council. These services are provided through Service Level Agreements. We are aware of the contradiction in achieving a competitive price from the Council who are our sole shareholder and efficiency gains within our budgets causing inefficiencies in Council budgets.

This policy explains how we will ensure that both Your Homes Newcastle and Newcastle City Council are kept informed of procurement activity being undertaken in both organisations.

Part 5 Action Plan

Our Action Plan has been developed to set out our overall “direction of travel” with actions to achieve our strategic aims.

We have established a Procurement Programme to ensure that all our activities take place in a structured and co-ordinated programme management framework. The overview of this Programme can be found in Appendix 8.

Our Action Plan on the next page is referenced to our strategic aims set out in this document.

Corporate Procurement Strategy - Action Plan

Strategic Aim	Action(s)	Date
1. Efficiency and Value for Money	Deliver annual round of Service Level Agreements as detailed in the Efficiency Strategy Action Plan	March 2010
	Complete quarterly assessment and work allocation for Decent Homes investment partners.	Quarterly during 2009/10
	Deliver reviews / procurements of externally delivered services as recommended by annual spend analysis.	March 2010
2. Doing Business Electronically	Identify appropriate contract/e-tendering software system	July 2009
	Advertise tender opportunities on the YHN website	December 2009
3. Effective Governance and Democratic Accountability	Reporting of Corporate Procurement Action Plan to Finance Committee.	Quarterly during 2009/10
4. Standards and Controls	Ensure understanding and monitor compliance with revised Financial Regulation 8 – Procurement through delivery of training programme	September 2009
5. Risk Management	Quarterly review of the procurement risk register.	Quarterly from September 2009
6. Performance Management	Establish a performance management framework for procurement.	March 2010
7. Training and Development	Improve networking with Procurement Champions from Newcastle City Council Corporate Business Management	Quarterly during 2009/10
	Contract Management training to be rolled out to Service Managers	March 2010

Strategic Aim	Action(s)	Date
8. Sustainability	Review policies relating to small and medium enterprises (SME's), local enterprise, regional economy and third sector.	December 2009
9. Equality and Diversity	Action plan for engaging with black and minority ethnic(BME) suppliers and contractors.	December 2009
10. Fair Trade	Explore scope for procuring Fairtrade products.	August 2009
11. Fair Employment	Continue to engage with staff and trade union groups to develop policies and ensure consistent implementation.	March 2010
12. Focus on Service Needs	Ensure Service Level Agreements and external procurements focus on the needs of the service.	March 2010
13. Community & Customer Engagement	Ensure that the opportunities for involving tenants in procurement activities are fully explored and in accordance with the Citywide Tenant and Leaseholder Involvement Strategy and Citywide Tenant and Leasehold Involvement Compact	March 2010
14. Regeneration	Ensure that all aspects of Newcastle City Council's Regeneration Strategy are considered in procurement policies and activities.	March 2010
15. Constructive partnerships	Progress partnership work with Procurement for Housing and North East Procurement	March 2010
16. Innovative collaboration	Investigate opportunities for shared services	March 2010