



KINGDOM
Group

MORE THAN A HOME

Sustainable Procurement Strategy



KINGDOM
Housing Association



KINGDOM
Initiatives



KINGDOM
Support & Care

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1. INTRODUCTION

The Kingdom Group comprises of Kingdom Housing Association Ltd and its subsidiaries Kingdom Initiatives Ltd and Kingdom Support and Care CIC. For the purpose of this strategy the Group will be referred to as 'Kingdom'. Kingdom recognises that sustainable procurement has a critical role to play in making best possible use of our resources and in demonstrating best value for customers and stakeholders.

This strategy aims to demonstrate a clear and structured approach to all of Kingdom's procurement activities outlining what will be done and when to deliver quality, price, experience, specialist knowledge and value for money in order to achieve best value.

This strategy has been prepared in the context of Kingdom's Corporate Plan 2016-2021, the Scottish Model of Procurement (see Figure 1) and Section 15 of the Procurement Reform (Scotland) Act 2014; it sets out Kingdom's procurement aims and objectives which reflect both regulatory obligations, internal policies and local/national priorities. Kingdom aims to comply with all legislative requirements including the Public Contracts (Scotland) Regulations 2015 but also to protect the interests of our customers and stakeholders as well as the reputation of the sector by ensuring compliance with the Bribery Act 2010.

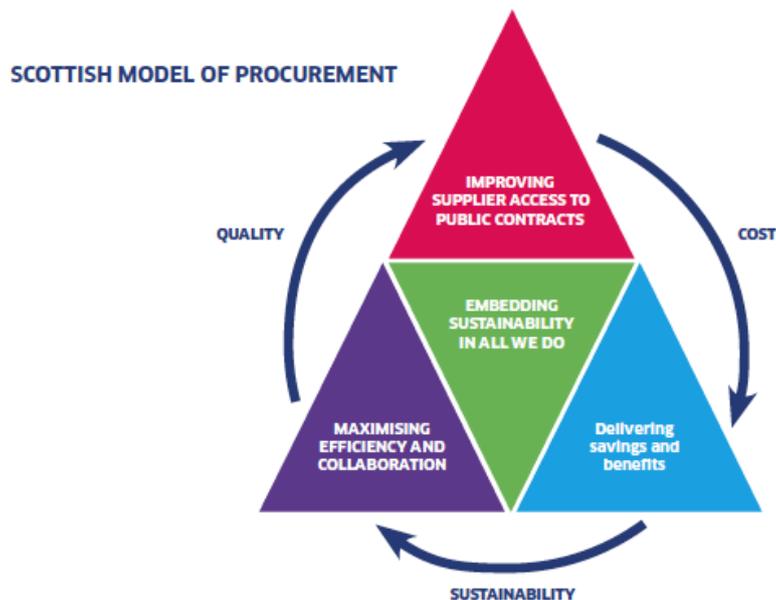


Figure 1: Scottish Model of Procurement (Scottish Government)

Kingdom continues to face financial pressures therefore efficient, effective and sustainable procurement practice is paramount. Commitment to, and communication of, this strategy will help Kingdom achieve this and allow us to continue to deliver excellent services which make the best use of public money available.

Appendix A provides a glossary of terms and abbreviations used within this strategy.



2. PROCUREMENT MISSION AND VISION STATEMENT

Kingdom's mission is to provide 'More Than a Home'. To achieve this we need to ensure that this strategy provides strong procurement governance through knowledge, collaboration and communication to deliver best value in support of our business activities.

Our procurement vision is "to achieve excellent procurement performance through sustainable procurement practices for the benefit of the organisation and our stakeholders".

3. STRATEGY CONTEXT

This sustainable procurement strategy is committed to ensuring that our procurement activities are fair, open, transparent and non discriminatory and sustainable in accordance with legislation and best practices.

Defined as a "Public Body Governed by Public Law" Kingdom has a statutory obligation under the Public Contracts (Scotland) Regulations 2015 to ensure procurement activity is compliant with relevant legislation.

Kingdom's estimated total value of regulated procurement spend will exceed £5m so there is a requirement to prepare and publish a procurement strategy.

Procurement is the full range of activities related to purchasing goods, services and works. Kingdom carries out a range of procurement activity ranging from high value construction works through to the purchasing of small stationery items.

We will continue to work collaboratively with Local Authorities, RSLs and other key partners in our areas of operation using Framework Agreements, where possible, to deliver regulated procurement activities. This approach ensures that Kingdom and its stakeholders will benefit from:

- Better Value for Money
- Effective Programme Planning and Delivery
- Employment and Training Opportunities
- Increased Understanding of Client Needs
- More Effective Problem Solving
- Improved Performance and Satisfaction Levels
- Reinforcement of Kingdom's Commitment to Sustainability

Kingdom's Community Benefit Strategy provides a framework to ensure the delivery of appropriate community benefits through capital contracts and other procurement and service contracts.



Our Community Benefit Strategy enables partners to fully engage with the objective of delivering Community Benefits, through:

- Supporting activities which benefit our tenants, residents and their communities.
- Facilitating employment and skills opportunities for local people from priority groups.
- Developing business partnerships with schools to promote an integrated, educated, inclusive society.

This strategy is aimed at promoting efficient, effective and sustainable procurement practices throughout Kingdom which will reflect our vision, values and priorities.

We will raise awareness of Kingdom's commitment to sustainable procurement through various means including stakeholder engagement, internal policies/procedures, tendering processes, Public Contracts Scotland (PCS) www.publiccontractsscotland.gov.uk and our website.

4. STRATEGIC OBJECTIVES AND PRIORITY ACTIVITIES

The key objectives of this strategy are:

- **Objective 1:**
Consistently apply good procurement practice across the organisation.
- **Objective 2:**
Help improve economic, social and environmental wellbeing in our geographical areas of operation.
- **Objective 3:**
Plan, monitor & review effectively current/ future procurement activities.
- **Objective 4:**
Tender and award contacts in accordance with Kingdom's Financial Regulations, legislative requirements and best practice.

These objectives will be delivered through the following approach.

Objective 1: Consistently apply good procurement practice across the organisation.

Activities:

- Annual review of previous procurement activities.
- Encourage the use of Framework Agreements where appropriate.
- Monitor & update guidance/ controls in our Procurement Policy & Procedures.
- Align procurement activities with departmental strategies to ensure that our organisational objectives are supported.
- Adopt a centralised purchasing approach to all procurement activities to ensure the required levels of consistency.
- Provide training and support to all relevant staff



- Appoint specialist support where appropriate.
- Implement a procurement working group.

Objective 2: Help improve economic, social and environmental wellbeing in our geographical areas of operation.

Activities:

- Seek added value through our procurement activities in accordance with our Community Benefits Strategy.
- Take account of the environmental impact in our Procurement decisions, thereby saving energy and resources and reducing waste.
- Consider increased use of e-purchasing and e-invoicing solutions to procurement.
- Comply with Kingdom's Sustainability Policy.
- Encourage all suppliers we contract with to pay the National Living Wage as their minimum hourly rate.
- Encourage all suppliers we contract with to work in a socially responsible manner.
- Facilitate the involvement in the procurement process of small & medium enterprises (SME's), third sector bodies (organisations that provide benefits for society/ the environment) and supported businesses (organisations where > 30% of workers are disabled and unable to work in the open labour market).
- Ensure that procurement activities, where relevant, will include criteria promoting compliance with Health & Safety at Work Regulations.

Objective 3: Plan, monitor & review effectively current/future procurement activities.

Activities:

- Identify all procurement activities, which are then tendered and monitored appropriately.
- Annually review risk management processes in accordance with Kingdom's internal policies and procedures.
- Measure supplier performance using results from customer/stakeholder feedback, quality and service delivery appraisal and where appropriate external evaluation and accreditation.
- Monitor all regulated contracts through Key Performance Indicators (KPIs) and regular meetings with suppliers throughout the lifetime of the contract.
- Monitor and assess customer satisfaction using Kingdom's customer feedback processes and where appropriate tenant led inspections.
- Monitor and assess community benefit outcomes as a key element of overall contract performance.
- Develop collaborative procurement opportunities with other bodies to maximise purchasing power and increase Value for Money through economies of scale.
- Use existing procurement solutions, including Scottish Government procurement contracts, housing sector frameworks, Crown Commercial Services contracts and Scotland Excel.



- Monitor and assess value for money and best value outcomes from benchmarking and self assessment.
- Maintain a register of all tendered contracts. Kingdom's Contracts Register is attached as Appendix B.
- Maintain a Procurement Action Plan to monitor and record progress of activities.
- Publish an annual Procurement Report.

Objective 4: Tender and award contracts in accordance with Kingdom's Financial Regulations, legislative requirements and best practice.

Activities:

- Where EU/ Procurement Reform (Scotland) Act 2014 and Public Contract (Scotland) Regulations 2015 rules apply, award all contracts in accordance with the applicable regulations.
- Award based on the Most Economically Advantageous Tender (MEAT).
- Establish an economically advantageous balance of quality and cost.
- Establish Framework Agreements for strategic procurement activities where they deliver a more efficient, effective tendering outcome.
- For all non-regulated contracts, following Kingdom's internal procedures, Financial Regulations and procurement processes.
- Continually review procurement processes and where appropriate seek supplier feedback to help improve Kingdom's procurement processes.
- Recognise Kingdom's Anti Fraud, Bribery and Corruption Policy when carrying out all procurement activities.
- Recognise Kingdom's Employment, Payments and Benefits policy constraints when awarding contracts.

5. FINANCE

Kingdom considers that adoption of a compliant procurement strategy across the Group is appropriate given the legislative environment within which we operate.

We forecast that during the period 2016 - 2021 our external procurement of goods and services as well as capital investment works will exceed £253.1 million. Almost 97% of that expenditure is for capital developments providing new homes. Kingdom's expenditure profile is shown as Appendix C.

Based on the expenditure profile the area of greatest risk is capital expenditure; this is balanced with the track record that our development team has been dealing with procurement based on the former regulations through the use of Consultant and Contractor services Framework Agreements.

These specific Framework Agreements were renewed in 2016 to support the delivery of Kingdom's business activities, particularly in relation to current/future development and planned maintenance programmes for the next 4 years.



Regulated procurement is defined as a public contract with an estimated value in excess of £2m for works contracts or £50k for other types of contract (with certain exceptions) and we will continue to build up greater experience and knowledge in relation to the lesser revenue based expenditure where procurement rules did not apply to the degree they do since the 2015 Regulations came into force (April 2016). Kingdom is committed to ensuring value for money for our customers and stakeholders and therefore the processes and procedures must both demonstrate and deliver such outcomes.

It is Kingdom's intention to ensure that, where possible, all contracts awarded by it provide for payment of invoices within a maximum of 30 days from the date of receipt, including payments due by Kingdom to a contractor, by a contractor to a sub-contractor as well as payments due between sub-contractors.

6. TRAINING AND SUPPORT

Kingdom is committed to supporting and encouraging any staff involved in procurement activity to obtain relevant procurement training and to gain the skills and experience necessary to carry out their duties and responsibilities.

We will use the Public Contracts Scotland Procurement Journey tool <https://www.procurementjourney.scot/procurement-journey> to help support and develop the procurement skills of relevant staff.

Kingdom aims to ensure that its governing body members receive appropriate training on organisational & governance responsibility for procurement compliance.

7. IMPLEMENTATION, MONITORING AND REPORTING

In accordance with the Procurement Reform (Scotland) Act 2014 Kingdom's procurement strategy was first published in December 2016 and covers the period January 2017 – March 2018.

A working group has been set up to implement and review this strategy and to develop our approach following best practice in the sector. As a result Kingdom's strategy has been updated (2nd Edition: October 2017). This updated version is approved by Kingdom's Board and is available via Kingdom's website: www.kingdomhousing.org.uk.

This strategy will be continually reviewed to ensure compliance with legislation and good practice and to enable Kingdom to respond strategically to any changing environmental and other factors.

Performance monitoring will be done through future internal audit programmes, continuing to maintain a Procurement Action Plan, regular reports to the Boards of Kingdom and assessment against the Procurement and Commercial Improvement Programme (PCIP Lite).



In accordance with Procurement Reform (Scotland) Act 2014, Kingdom will publish an Annual Procurement Report as soon as reasonably practicable after the end of financial year 2017-2018. This report will provide details on all regulated procurement activities and address all matters contained within this strategy.

8. CONTACT DETAILS

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9. POLICY, TOOLS AND PROCEDURES

To access the following national policies, tools and legislation please click the relevant links. Please note that this is not an exhaustive list.

- [Procurement & Commercial Improvement Programme](#)
- [Scottish Model of Procurement](#)
- [Procurement Reform \(Scotland\) Act 2014](#)
- [Guidance under the Procurement Reform \(Scotland\) Act 2014](#)
- [annual procurement report](#)
- <http://www.publiccontractsscotland.gov.uk/>
- <https://www.procurementjourney.scot/procurement-journey>

This strategy is linked to the following Kingdom strategies, policies & regulations:

- Community Benefits Strategy
- Anti Fraud, Corruption and Bribery Policy
- Procurement Policy
- Financial Regulation

10. CONCLUSIONS

This strategy supports the Scottish Government's procurement agenda and seeks to ensure that Kingdom continues to make the best use of public money.

In addition this strategy provides a framework which will ensure regulatory compliance, best practice, best value and continual improvement.



A Procurement Action Plan has been developed which details all procurement priorities for the period January 2017- March 2018. This Action Plan will assist Kingdom in producing its Annual Procurement Report and to monitor and continually improve this strategy.



Glossary of Terms and Abbreviations

Below is a list of some of the terms and abbreviations used in this strategy – the explanation is given in the context of Procurement

Best Value	Features and benefits offered which exceed the specification for the contract.
Benchmarking	A process of continually measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement.
Best Practice	Documented working practices that provide optimum operational performance within a specific business environment.
European Union Regulations	EU Regs are rules and regulations set by the European Union with regard to procurement for public sector organisations. These rules and regulations are set to protect suppliers and must always be followed by all public sector organisations.
Governance	The Framework of authority and control within an organisation.
Most Economically Advantageous Terms (MEAT)	The optimum combination of whole life costs and benefits assessed against predetermined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.
Public Contracts Scotland	A national advertising website where all Scottish public sector organisations can publicise the contract opportunities.
Procurement	The process of buying goods, services or works.
Stakeholders	Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. tenants/customers, staff, Scottish Government.
Sustainable Development	Development which meets the needs of the present without compromising the ability of future generations to meet their own needs e.g. the environmental and social impact of today's actions that may affect the ability of future generations.
Sustainable Procurement	The application of sustainable development principles (see above) to procurement.
SME's	Small and medium sized enterprises are firms that employ less than 250 people and have a turnover of less than 50m euros/£42m
Regulated Procurements	Public contracts with an estimated value in excess of £2m for works contracts or £50k for other types of contract (with certain exceptions).
Transparency	Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process and performing that procurement process as described in the communications with potential suppliers.
Values	Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.



Kingdom Contracts Register 2017-18

Available on our website



Kingdom Group Expenditure Summary

	2016	2017	2018	2019	2020	2021	5 yr Total
	£000's						
Revenue	-1,610.00	-1,595.70	-1,639.60	-1,684.60	-1,731.00	-1,778.60	-8,429.50
Capital	-14,075.00	-54,991.00	-46,944.40	-42,490.30	-47,008.00	-53,247.20	-244,680.90
Total	-15,685.00	-56,586.70	-48,584.00	-44,174.90	-48,739.00	-55,025.80	-253,110.40

