

# RCH GROUP PROCUREMENT STRATEGY

Group Audit and Risk Committee

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**RCH** GROUP

 river clyde  
homes

 Home Fix  
SCOTLAND

## Contents

1.	Background and purpose .....	1
2.	Executive Summary .....	2
3.	Procurement Vision.....	3
4.	Strategy Rationale and Core Principles.....	4
5.	Strategic Priorities.....	5
6.	Ancillary Aims of the Strategy .....	8
7.	Links to Other Policies and Strategies.....	10
8.	Implementation .....	11

## 1. Background and purpose

This purpose of this document is to set out the full context, objectives and approach to Procurement throughout the River Clyde Homes Group (“RCH Group”). This Strategy advocates the positive role that robust procurement activity has in helping RCH Group to continue to deliver effective and efficient services.

This Procurement Strategy sets out how RCH Group will direct and control this expenditure and highlights how it will be used, not only to deliver essential savings, but also to support our wider procurement objectives.

As River Clyde Homes is a registered public body, our aim is to ensure that all procurement activity secures value for money whilst complying with the legislative requirements of the Procurement (Scotland) Regulations 2016, the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014. This Procurement Strategy aligns to the Scottish Government’s vision of “Delivering procurement that improves public services for a prosperous, fairer and more sustainable Scotland” and “delivers local economic, environmental and social benefits”.

As well as producing this Strategy document, RCH Group are required to publish an Annual Procurement Report at the end of each financial year. The purpose of the annual report is to publicise RCH Group performance and achievements in relation to realising the aims it set out in the Procurement Strategy.

The annual report provides specific, detailed information in relation to the procurement activity undertaken by RCH Group during the year. The report provides a breakdown of the contracts awarded; the number of contracts awarded to local companies and SME’s; a list of the community benefit initiatives realised because of the procurement activity which have had a positive impact on the Inverclyde Area; and provides suppliers with an indicative list of potential future contracting opportunities that may be offered by RCH Group.

This Strategy should be read in conjunction with:

### *Key Strategic documents*

- Annual Procurement Report
- Corporate Plan ‘Our Journey to 2027’
- Value for Money Strategy
- Asset Management Strategy
- Customer Involvement Strategy
- Equalities, Diversity, and Inclusion Strategy

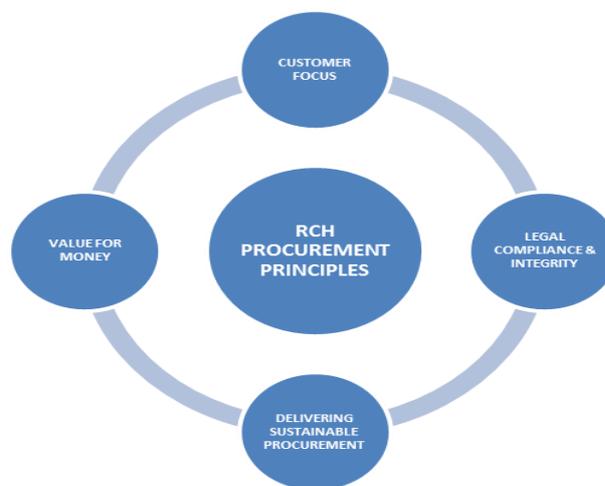
### *Key Policies and Procedures*

- Contract Procedure Rules
- Financial Regulations
- Anti-Fraud, Bribery and Corruption
- Standing Orders and Delegations
- Risk Management
- Code of Governance

## 2. Executive Summary

RCH Group Corporate Procurement Strategy will help deliver our core procurement principles:

- Customer focus
- Value For Money
- Legal Compliance and Integrity
- Sustainable development.



These principles underpin our strategic procurement objectives:

1. Achieve customer focus by aligning our needs with the needs of our customers and that our customers are consulted and engaged in the procurement process.
2. Achieve optimal value for money through effective procurement and run a leaner, more effective procurement function
3. Ensure that all our procurement activity complies with the law and is ethical
4. Ensure that all procurement is carried out in a manner that actively promotes the sustainable procurement duty and where applicable, provide additional community benefits

### 3. Procurement Vision

Our procurement vision is to deliver commercially effective, compliant procurement processes across the business. We will:

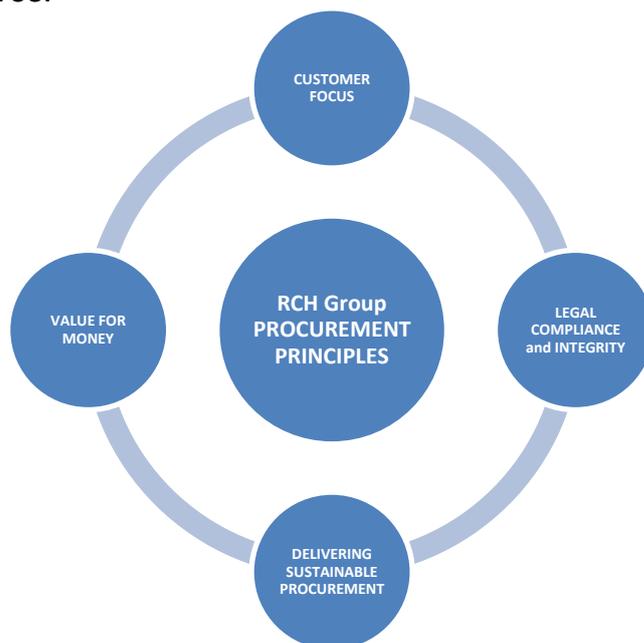
- Procure works, supplies, and services which will ensure excellent customer service and supplier contract management,
- Build the company's reputation as leaders in procurement, securing innovation, value for money and quality of services from our supply base,
- Develop a culture where efficiency and continuous improvement are at the heart of how we do business. This will enable us to demonstrate that our money is spent wisely, aligned with our value for money strategy.

Our mission statement is to provide strong leadership in the procurement process through knowledge, teamwork, and communication with the aim of improving efficiencies, delivering cost savings, and ensuring transparency and fairness of opportunity for the supplier community.

## 4. Strategy Rationale and Core Principles

Our Procurement strategy has been developed to enable delivery of our procurement vision.

The strategy enables the procurement function to make a sustained contribution to the achievement of our organisational objectives and ensures the successful delivery of our Asset Management Strategy. Our Procurement Strategy has four core principles/objectives:



- **Customer Focus:** To achieve customer focus by aligning our needs with the needs of our customers and that our customers are consulted and engaged in the procurement process.
- **Value for Money:** To achieve optimal value for money through effective procurement and to run a leaner, more effective procurement function.
- **Delivering Sustainable Procurement:** To ensure that our regulated procurement is carried out in a manner that actively promotes the sustainable procurement duty and where applicable provide additional community benefits.
- **Legal Compliance and Integrity:** To ensure that all our procurement activity complies with the law and is ethical. For example, this will involve treating those who bid for our tenders equally and without discrimination and ensuring our regulated procurements are conducted in a transparent and proportionate manner.

*These core principles underpin our strategic priorities for procurement, which are discussed below.*

## 5. Strategic Priorities

### Customer Focus

***To achieve customer focus by aligning our needs with the needs of our customers and that our customers are consulted and engaged in the procurement process.***

By putting the customer at the heart of everything we do, we will aim to ensure that customers are appropriately involved in procurement activity by:

- Consulting customers in determining priorities for expenditure and potential efficiencies.
- Engaging with stakeholders to design services to meet the needs of our customers.
- Where appropriate, involving customers in the selection of services and providers.

We shall carry this out in accordance with our customer involvement strategy.

### Value for Money

***To achieve optimal value for money through effective procurement and to run a leaner, more effective procurement function.***

Effective procurement can significantly improve the quality of services we deliver to our customers. Value for money must form the basis for all procurement decisions taken by RCH Group. This principle will be embedded through the Value For Money strategy.

Each procurement decision should assess whether supplies, services or works can be provided in a more effective, efficient, and economical way. In the context of procurement, obtaining value for money means choosing the goods/service which offers the optimum combination of whole life cost and benefits to achieve our corporate objectives. This is not necessarily the lowest price option as the balance of Value for Money in each procurement activity will vary on a case-by-case basis.

All options should be considered, and the decision should take into account (but not limited to) our obligations in terms of delivering quality, social value, managing risk and managing health and safety. By adhering to this strategy's aims (which complement and reinforce each other) RCH Group shall maintain consistency and transparency in the procurement process.

Our key initiatives to achieve Value For Money include:

- Reviewing key national and sectoral collaborative frameworks in addition to carrying out our own bespoke procurement processes to encourage delivery to our customers in the most efficient and cost-effective manner.
- Investigation and application of more effective commercial evaluation models (e.g., whole life/ life cycle costing) and encourage innovation.
- Through support of the Senior Leadership Team, seek early engagement with services and suppliers to ensure procurement is conducted strategically and with sufficient time dedicated to ascertaining the company's requirements and how best to design the accompanying procurement process.
- Aim to continuously improve through learning and self-assessing. This will be achieved through embedding a culture of review and self-challenge regarding our procurement activities.

## **Delivering Sustainable Procurement**

***To ensure that our regulated procurement is carried out in a manner that actively promotes the sustainable procurement duty and where applicable provide additional community benefits.***

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis, in terms of generating benefits not only to the organisation, but also to society and the economy, while minimising damage to the environment.

This strategy aims to ensure that the company will be compliant with the relevant legislation (the Procurement Reform (Scotland) Act 2014) and the general and other duties contained therein including the sustainable procurement duty.

The key initiatives that will support delivery of sustainable procurement include:

- Embedding sustainability in our corporate procurement in a relevant and proportionate manner as required by legislation, including consideration of intended outcomes relating to climate change, materials, waste, hazardous materials, community benefits, health, and wellbeing, fairly and ethically traded supplies and services, the promotion of equality and fair work practices.
- Continue to support and improve access to procurement opportunities for SMEs, supported businesses and the third sector.
- Encourage innovation using outcome specifications and variant bids where relevant and proportionate.

## Legal Compliance and Integrity

***To ensure that all our procurement activity complies with the law and is ethical. This will involve treating those who bid for our contracts equally and without discrimination and ensuring our regulated procurements are conducted in a transparent and proportionate manner.***

We have fully implemented the new Procurement Regulations and the requirements (and aims) of the Procurement Reform (Scotland) Act 2014.

Our contract procedure rules actively promote good practice as well as integrity and probity of our procurement processes. To ensure that our procurement approach is applied evenly and consistently across the whole company, all officers are required to comply with our contract procedure rules. Our contract procedure rules ensure that all procurement activity complies with the letter of the law and the principles of equal treatment, non-discrimination, transparency, and proportionality on which such law is founded.

We recognise that all officers involved in the letting of contracts on behalf of RCH Group act with the utmost probity and that there must be no hint of bias in the award of any contract. To this effect, staff are required to declare any personal interest in corporate contracts and where any potential conflict of interest arise the staff member is disbarred from participating in any aspect of the contract selection, evaluation, and award.

In line with the Bribery Act 2010, the company prohibits any member, staff, contractor, or other person acting on RCH Group behalf from gaining any commercial, contractual, or other advantage for the company which is unethical or to gain personal advantage (financial or otherwise) for the individual or anyone connected with the individual.

## 6. Ancillary Aims of the Strategy

### **Payment of the Real Living Wage**

RCH Group is a Living Wage Accredited Employer, and we believe that those organisations whose staff are well rewarded, well-motivated, well led and who have appropriate opportunities of training and skills development are likely to deliver higher quality services. One of the clearest ways an employer can demonstrate that it takes a positive approach to its workforce is by payment of the real living wage.

Where relevant, RCH Group request that all companies bidding for our contracts describe and demonstrate how they will commit to progressing towards adopting the Scottish Governments five 'Fair Work First' criterion for workers. One of the clearest ways an employer can demonstrate that it takes a positive approach to the key principles of 'Fair Work First' is by payment of the real living wage, and companies who commit to do so, score well within this criterion. The use of 'Fair Work First' as a scored criterion within our tenders helps to ensure that all suppliers who work with RCH Group are responsible, inclusive employers.

### **Promoting contractor and sub-contractor compliance with the Health and Safety at Work etc. Act 1974**

We include in our selection criteria (where proportionate) a requirement for contractors to demonstrate a responsible and robust health and safety approach to their contract performance.

### **Fairly and ethically traded goods and services**

Where relevant and proportionate, we shall encourage fair and ethical trading principles in its procurement requirements. We will do this by receiving assurances of fair and ethical practices in supply chains by including (where relevant and proportionate to the subject matter of the contract) contract conditions requiring the contractor to comply with relevant social, environmental and employment law.

### **Regulated procurement involving the provision of food**

- (i) *Improve the health, well-being, and education of communities in our area, and*
- (ii) *Promoting the highest standards of animal welfare*

RCH Group do not currently procure food or catering. However, if this situation is to change in future, then we shall have regard to the Scottish Government Policy Document 'Catering for Change: Buying Food Sustainably in the Public Sector'.

### **Ensuring fair payment terms to creditors**

As far as reasonably practicable, the following payments are made no later than 28 days after the invoice (or similar claim) relating to the payment is presented—

- (i) payments due by the authority to a contractor,
- (ii) payments due by a contractor to a sub-contractor

RCH Group are committed to ensuring that businesses are paid on time because we understand how important it is to pay businesses promptly once a service has been performed or good delivered. We recognise that late payment is particularly detrimental to SMEs, third sector bodies and supported businesses therefore a clause is written into all tenders reflecting the above payment requirements.

The Single Procurement Document (SPD) is utilised to pre-qualify companies that pay their sub-contractors timeously. If bidders intend to use a supply chain to deliver the relevant RCH Group contract they require to confirm that they have robust systems in place to ensure they pay sub-contractors through the supply chain promptly and effectively, and will be able to evidence if requested:

- a) their standard payment terms
- b) ≥95% of all supply chain invoices being paid on time in the last financial year

If the bidder is unable to confirm (b) they must provide a robust plan evidencing how they will improve their payment performance with their SPD response. Companies who cannot provide this assurance are eliminated from the procurement process and are not taken through to the full tender evaluation.

## 7. Links to Other Policies and Strategies

RCH Group Procurement activities will continue to support and promote relevant RCH Group policies, strategies, and regulations, of which the majority are embedded within existing procurement processes and procedures. These are set out below:

- Contract Procedure Rules
- Standing Orders and Delegations
- Code of Governance
- Financial Regulations
- Customer Care Policy
- Customer Involvement Strategy
- Asset Management Strategy
- Value for Money Strategy

## 8. Implementation

As required by the legislation, the Procurement Strategy will be reviewed on an annual basis to ensure that the strategy reflects up to date legislation and best practice.

The Executive Director, Group Services shall progress the delivery of this strategy and regularly report on procurement savings, sustainable procurement and community benefits to the Audit and Risk Committee.

The Lead Officer for the Procurement Strategy is The Group Services Director, although the full managerial team has collective responsibility for delivering the strategy.

A first point of contact for any queries in connection with this strategy is the Head of Finance & ICT:

Email: [Steven.Duffy@riverclydehomes.org.uk](mailto:Steven.Duffy@riverclydehomes.org.uk)