

BRENT HOUSING PARTNERSHIP LTD

PROCUREMENT STRATEGY

June 2006

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1. Introduction

Procurement is the process of acquiring goods, works and services from suppliers. It is an essential element in providing cost effective and efficient services and its importance has been highlighted by a number of initiatives and reports in recent years including Sir Ian Byatt's report "Delivering Better Services For Citizens," the introduction of a "National Procurement Strategy for Local Government", Sir John Egan's "Rethinking Construction" report and Sir Peter Gershon's National Procurement Strategy and Efficiency Review.

2. Background

BHP provides a landlord service to approximately 10,000 Council tenancies and 3,600 leaseholders within the London Borough of Brent.

BHP is committed to ensuring that the services it provides are responsive to the needs of its residents, and comply with the duty of Best Value to secure continuous improvement in the way the functions are carried out.

BHP's primary goal is to provide an excellent housing management service to all service users. This means:

- Ensuring all Brent Homes meet the government's decent homes standard by the end of 2006
- Consulting with tenants and leaseholders about the service and issues affecting their homes
- Performing as well or better than the top 25% of London boroughs in rent collection, carrying out repairs and letting homes and achieving an excellent rating from the housing inspectorate
- Reflecting and meeting the needs of Brent's diverse community

In 2003 BHP committed to a capital programme of £86.6m over three years which was the first sustained major programme of works carried out on the Council's retained stock for over a decade. The scale of work peaked at £36.8m in 2004/5, but will continue at about £18m each year for the following seven years. The prospect of this new and additional funding is an opportunity to transform the condition of Brent Council's housing stock by setting up a programme designed with the principles of Best Value at its core.

At the same time the day to day services to the Council's tenants and leaseholders such as estate cleaning, grounds maintenance and repairs have to be provided with continuous improvements. These have all been procured by BHP and are predominantly outsourced.

Good procurement can play a critical role in the delivery of BHP's strategic objectives. The savings achieved can be re-invested in services, whereas contract failures result in loss of money, service quality and reputation. This strategy sets out the principles that BHP follow in achieving its vision and strategic objectives.

3. General procurement principles and methods

3.1 Policy & Culture

BHP is committed to:

- Achieving Best Value and ensuring through its procurement that works, services and supplies are delivered effectively and efficiently and provide value for money.
- consulting stakeholders to determine the appropriate service to be provided and the most appropriate method of service delivery and to ensure that service users benefit from the procurement that takes place.
- undertaking market consultation where appropriate to seek advice on method, capacity and innovation.
- basing procurement on a partnering approach, developing non adversarial relationships with providers to engender a commitment to continuous improvement and gaining mutual advantage through longer term relationships
- ensuring that sustainability, health and safety matters and whole life evaluation are important criteria in any procurement process providing that the cost or availability does not prejudice service delivery
- ensuring that BHP delivers contracts in a way, which is non-discriminatory and promotes equality of opportunity for staff, residents and businesses. In addition BHP promotes diversity and competition by encouraging the use of bme and sme contractors, and by monitoring contractors' compliance with the equalities requirements of their contracts.
- Ensuring that all procurement complies with all relevant EU and domestic law and regulations as well as BHP's own standing orders and policies.
- Enabling and using e-procurement where appropriate

3.2 Leadership and Responsibility

The BHP Board have responsibility for awarding High Value contracts but can delegate authority to Chief Officers to award, extend, renegotiate, enter into or terminate contracts. This is done on a contract by contract basis.

At each Board meeting Members receive a schedule of contracts to be awarded in the next few months which are estimated to exceed £500k in respect of services or supplies or £1m in respect of works over the contract term. The Board can call in any reports for contract award as and when they choose.

Officers write reports detailing the actions taken in the procurement process and the recommended award, which are submitted for approval.

Every procurement process is managed and led by a suitably skilled and experienced procurement manager and always involves relevant managers from the service area concerned as well as finance staff and resident representatives where appropriate.

BHP's contract standing orders require that contracts are awarded on the basis of the 'most economically advantageous tender' rather than lowest price.

Service reviews undertaken by BHP of services provided by Brent Council include an analysis of the most appropriate service delivery methods and any procurement implications. These are reported to BHP's Board who decide what action should be taken.

Chief Officer initiatives may also result in procurement exercises, either for new services or in relation to existing contracts.

3.3 Procurement Rules

The framework of rules governing procurement is set out in EC and UK law and BHP's Contract Standing Orders and Financial Regulations.

Best practice is set out in the Council's Contract Procurement and Management Guidelines which have been developed over a sustained period and adopted by BHP.

Legislation is reviewed continuously and responsibility for this lies with BHP's legal advisors. BHP's Contract Standing Orders and the Scheme of Delegation are reviewed as and when required to ensure that they remain relevant. The Contract Procurement & Management Guidelines have recently undergone a major review and are available on the intranet where they can be updated as and when necessary.

Officers maintain the highest standards of honesty, integrity, impartiality and objectivity in all dealings with service providers. A clear audit trail is provided in the contract award report and contract files to prevent fraud and corruption. The separation of procurement from contract management also ensures fraud prevention and all tenders are opened by the Director of Finance. BHP also has whistle-blowing and fraud prevention policies.

3.4 Procurement processes and best practice

The whole procurement process is set out in the Contract Procurement Guidelines which includes best practice and is updated when required.

Prior to term contracts ending, the Procurement Unit commences consultation with the relevant unit which manages the service and where appropriate with customers and other stakeholders on the retendering requirements. The contract is reviewed to look at what worked, what didn't work well, how it could be done differently, how it is done elsewhere etc. If appropriate a report is written with the research and the conclusions and a decision will be made about retendering the contract. Where appropriate officers will consider the impact on the market of particular ways of packaging contracts. The service reviews include appraisal of the service delivery models available including partnering.

When a new contract needs to be tendered research is carried out including consultation with stakeholders and officers, benchmarking with other organisations, dialogue with providers and an exploration of the market to determine the specification and the best way of packaging the contract.

There is a structured approach to project management of the procurement process, with clear milestones, timescales and responsibilities set out from the start of the process.

There is a very clear, well-defined and transparent tendering process to ensure fair and compliant competition

Officers ensure that there is fairness and equal opportunity when advertising and awarding contracts and work towards complying with the CRE's guidance on race equality and procurement.

Where appropriate, additional members are invited to participate in tender panels where expert knowledge is needed. In particular, financial advice is obtained to ensure that full consideration is given to potential risks and that a cost/benefit analysis is carried out where appropriate.

The tender evaluation model developed by BHP has objective criteria for the evaluation of both cost and quality, and the award criteria are always given to tenderers so that they can see that there is objectivity at all times.

Officers ensure that there is openness and clarity in procurement procedures and provide feedback to unsuccessful tenderers as to why they were not shortlisted or appointed.

When awarding contracts BHP seeks an appropriate balance between quality and price and ensure that best value is achieved.

BHP has a database of all contracts let showing the successful contractor and contract end date (Appendix 1). This can be viewed on BHP's internet. It is used to ensure openness, access to information and to allow for procurement planning.

Once the contract has been let, the procurement unit hand over the contract management and documentation to the relevant service unit to manage, monitor and work together with the contractor to achieve the best service performance.

Contractor performance is monitored against performance targets set out in the contract documents

BHP has developed a list of small local repair contractors aiming to encourage black and other minority-led contractors to be used on small projects and as back up for the main term contractors

Records of the process undertaken and decisions made are kept to ensure openness, propriety and probity

Resources relating to procurement are kept under review to ensure that procurement programmes are maintained and process costs are reduced where possible by the use of electronic or other means.

3.5 Competencies and training

- Brent Council developed best practice procurement guidance for officers over a number of years. It is published as "Contract Procurement and Management Guidelines" both in hard copy and on the intranet and has been adopted by BHP. All procurement officers are trained on the

guidelines. All officers observe this guidance and adopt the recommended practices in any procurement they undertake.

- Procurement officers attend courses, seminars and training to enhance their procurement skills and their ability to make the best use of competition and to ensure that they fully comprehend developments and changes within procurement such as European Union Regulations
- Residents and Board members who take part in procurement processes are given informal training so that they have the procurement skills to fully participate in the whole tender evaluation process. This will be expanded and formalised to provide training to resident's representatives who would like to be involved in the selection of contractors but have not done so before.
- The procurement unit acts as a centre of expertise, providing procurement advice for the whole of BHP as well as undertaking all large and complex procurement exercises itself.

3.6 Contract strategy

- BHP actively engages with contractors to deliver our procurement objectives together through partnering and framework agreements where appropriate, but always in the spirit of partnering. We forge long term agreements wherever possible to introduce continuous improvement and value for money.
- BHP has been instrumental in the development of LAPN, the London Area Procurement Network which is a procurement consortium of London ALMOs. Joint procurement aims to improve the efficiency and value of work carried out for the Decent Homes programme and beyond. It is expected that the framework will produce cost savings, reduce the amount of work required when selecting contractors, and drive up service quality.
- Electronic means are used for advertising and for transmission of documents whenever possible and appropriate and electronic trading will be developed and utilised where possible.
- In long term contracts there are in-built variation processes to ensure that services can be adapted to the changing needs of the service users and the changing requirements of BHP and to ensure compliance with legislation and regulations
- Continuous improvement requirements are incorporated in contracts whenever appropriate and possible and, where appropriate, incentives for service providers to raise standards are used.
- In-house services will be used where best value can be demonstrated, either through tendering or a thorough service review.

BHP and the Royal Borough of Kensington & Chelsea TMO have formed a joint venture called Grand Union Homes to provide services related to housing management to each other and to other organisations. This joint initiative has been set up in recognition of a demand for provision of services where expertise or resources are lacking. It provides the opportunity for partnering between BHP and K&CTMO and with other organisations, for sharing skills and for sharing the cost of providing services which will assist all parties in meeting the efficiency targets set by Gershon in the National

Procurement Strategy and Efficiency review.

Appendices:

1. Contract database showing contracts let, approximate spend and key suppliers

APPENDIX 1

Contract Type	Service/Works	Contractor	Start Date	Initial End Date	Possible Extensions
M&E	Lifts	ThyssenKrupp Elevators Ltd	July 2002	July 2012	
	District Heating	T Brown	September 2005	September 2007	plus 1 year
	Communal Electrical Services - Area A	Jaylec	March 2003	March 2013	
	Communal Electrical Services - Area B	Elyo	March 2003	March 2013	
	Communal Controlled Access Systems	Cartel	March 2003	March 2013	
	Communal Fire Services	FAFS	April 2004	April 2009	None
	Domestic Gas Appliances - Area A	Oakray	August 2002	August 2012	None
	Domestic Gas Appliances - Area B	Integral	August 2002	August 2012	None
	Domestic Gas Appliances - Reserve	Watret & Co	August 2002	August 2012	None
Communal Water Services	Hertel	Sept 2005	Sept 2010	None	
Repairs	Responsive Repairs and Maintenance	Linbrook Services Ltd	April 2006	April 2011	5 years
	Minor Works to Void Properties	Brent Repairs & Voids Team	April 2006	April 2011	5 years
	Clearance of Blockages to Drainage & Sanitary Appliances	Waterflow	May 2004	May 2009	None
Asbestos	Asbestos removal	Eurolag	January 2002	January 2005	1+1
		Aspect	January 2002	January 2005	1+1
	Asbestos analysis	Redhill	January 2002	January 2005	1+1
		Wimtec	January 2002	January 2005	1+1
Property Services Consultants	Building Surveying	Allen Construction Mgt Ltd	March 2003	March 2006	1+1
		Baily Garner LLP	November 2005	November 2009	
		John Rowan Partners	November 2005	November 2009	
		Tuffin Ferraby Taylor	November 2005	November 2009	
		Faithorn Farrell Timms (Reserve)	November 2005	November 2009	
		Frankham Consultancy Group Ltd (Reserve)	November 2005	November 2009	
	Insurance & Claims Mgt	Ufton Associates	April 2004	April 2009	1+1

Cleaning & Grounds Maintenance	Grounds Maintenance	Brent Parks	April 2003	April 2008	none
	Building Cleaning - S.K	Connaught Cleaning Service	September 2004	September 2009	None
	Building Cleaning-NK	Connaught Cleaning Service	September 2004	September 2009	None
	Building Cleaning- H&B	Connaught Cleaning Service	September 2004	September 2009	None
	Building Cleaning- S W, NW	Wettons	April 2003	April 2008	None

Security	South Kilburn Security	Initial Security	February 2005	February 2008	1+1
	Estate Security Wardens	Group 4	November 2003	November 2006	1+1

Travellers site	Travellers site Management	Novas Ouvertures	June 2004	June 2007	1+1
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Decent Homes	Decent Homes Contract 31	Niblock Building Contractors	2005	April 06	
	Decent Homes Contract 32	Mulalley & Co Ltd	2005	late 06	
	Decent Homes Contract 33	Apollo London Ltd	2005	late 06	
	Decent Homes Contract 35	To be awarded		late 06	
	Decent Homes contract 45	To be awarded		late 06	
	Decent Homes contract 46	Apollo London Ltd	2005	late 06	
	Decent Homes contract 48	R. Richardson Ltd.	2005	late 06	
	Decent Homes contract 49	To be awarded		late 06	