



Sourcing Strategy 2019 to 2022

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Introduction

The Sourcing Strategy supports the achievement of the goals and objectives set out in Nottingham City Homes' Group Corporate Plan ('Corporate Plan'). Sourcing and procurement of partners, contractors, materials and other goods and services are vital to ensure our housing stock is managed, maintained and continues to grow to improve the lives of our tenants and their communities.

It is more important in these times of continuing restrictions on public sector budgets and reductions in Housing Revenue income to have a robust Sourcing Strategy that delivers against the Corporate Plan and upholds the Company Values, always putting the tenants at the heart of everything that we do and strengthening our partnership with NCC.

Nottingham City Homes Group (NCH) is developing and transforming the way in which we do business. The exciting new arms to the Company, in the shape of NCH Registered Provider Ltd (NCHRP) and NCH Enterprises Ltd (NCHEL), support our aspirations to expand and grow. Sourcing and procurement for the whole of NCH is led by the Sourcing Team and this strategy applies to the Group and shall be implemented across all the subsidiaries.

This Strategy will deliver on tenants' priorities, VFM, sourcing excellence and social value. It will ensure that teams have access to the latest materials and technology to achieve best practice sourcing for the benefit of our tenants and will embed practical ways to maximise the potential for the local economy. It will ensure expert sourcing support to all areas of NCH, delivering VFM along the way. It will always put working with our parent company, Nottingham City Council (NCC), first and will also allow us to find ways of insourcing work into NCH. For work that requires external contractors, we will always aim to work with local providers wherever possible. This will supplement the benefit to the local economy of Nottingham.

Social value will be promoted more than ever before and throughout all this the Strategy assures consistency and transparency in the sourcing process that is fully auditable. Needless to say, all stages of the procurement cycle shall be in accordance with UK and European legal requirements and NCH's Standing Orders.

Along with new opportunities, there are also many challenges ahead for NCH in a changeable world. The uncertainty of Brexit looms and the Company remains committed to delivering Value for Money (VFM) as a core value.

The Sourcing Strategy (the Strategy) shall reflect NCH's Corporate Vision of 'creating homes and places where people want to live'.

Sourcing's achievements 2016 – 2018

- Sourced contracts to support NCH revenue and NCC HRA capital programmes and budgets.
- Procured contractors to build hundreds of homes for NCC and NCH in the City of Nottingham.
- Supported significant growth and commercialism agenda across the business and most notably in CR&M.
- Reviewed and annually benchmarked 5 largest Repairs Agreement contracts establishing and demonstrating continued Value for Money against the EEM Framework.
- Identified, recommended and advocated the procurement mechanism that secured significant Value for Money on the Strelley Court / Library.
- Sourced contracts that have appointed new suppliers and produced prize winning schemes and developments, notably GEDA construction.
- Supported NCH led Energy improvements, including HRA citywide wall insulation and Remourban projects.
- Strengthened and updated the Tender and Contract Procedure Rules (Part 3 of Standing Orders).
- Established spend reporting and mechanism for reviewing against contract purchase agreements.
- Provided procurement advice and support to assist the delivery of non-pay Priority Based Budgeting (PBB) savings.
- Established and sourced (Oracle Fusion) NCH's Procurement and Supply Chain Management requirements within the Fit for Future project (in partnership with NCC & LCC).
- Worked with the Asset Management team to ensure all projects were completed to maintain our properties to the highest standard.
- Contracted suppliers to deliver social value and local employment.
- Established an integrated and strong relationship with Tenant & Leaseholder Involvement and Employability Teams and key Heads of Service to monitor and ensure that suppliers deliver their contractual social value and local employment obligations.
- Established a Tenant Supplier Evaluation team, recruiting and training members to undertake tender evaluations.
- Provided training across the Company and to the Leadership Team, targeting new starters and growth areas of the business.
- Regularised, enhanced and managed meetings with key Sourcing ADs and Responsible Officers.
- Improved the facility for establishing and monitoring credit checks for all new & existing suppliers.
- Established Sourcing Team Champions to support and contribute to the Company's objectives and ensure legislative and regulatory requirements are met, notably for Social Value, Modern Day Slavery, GDPR, Financial Risk, IT Systems and the Fit for the Future project.
- We have created a customer satisfaction survey to ensure that our internal customers can give the Sourcing team open and honest feedback about service delivery.
- Developed the Sourcing Team's professional CIPs qualifications and relevant training.
- 2018 NCH Star Award for Best Newcomer won by recruited member of the team.

Context

Developing this strategy

In creating the Strategy, due attention was paid to NCC's Corporate plan, NCC's Sourcing Strategy, NCH Group Corporate Plan and the HRA Business Plan and the Social Housing Green Paper (Green Paper) as well as the NCH strategies and commitments for Tenant and Leaseholder Involvement, delivering VFM, New Build, Asset Management (including the updated Decent Homes Strategy), insourcing works particularly to CR&M, and diversifying the business. . This ensures that key synergies are achieved and that we support the business effectively. There are many factors influencing the Strategy and that these influences have been taken into account accordingly in the Strategy's development. Tenants at the heart of everything we do is an integral theme throughout.

National context

The national context in which this Strategy has been created is continually evolving and the impact of outside influences such as Brexit cannot be certain and will of course have wider, international dimensions. The risks associated with the UK leaving the EU are included in the Strategy's Key risks section. Brexit aside, some things, however, are fairly assured, such as the reduction in public expenditure that increases the pressure on all public services, including social housing, meaning that sourcing wisely is even more important than before.

The government appears to understand that social housing can help to alleviate the country's housing crisis and they wish to create a new generation of council houses. This gives NCH an opportunity to build the much-needed homes for the people of Nottingham and to generate work and social value for the local economy.

Challenges such as the need to make safety related investment quicker than initially planned have been brought to the fore by the tragedy of Grenfell Tower and new legislation may well result from the on-going safety investigations. This could potentially lead to changes in sourcing requirements as we continue to provide safe homes and assurance for our tenants.

Much needed revenue in the form of rent has been lost within the Housing Revenue Account (HRA) due to annual 1% rent reductions, which ends in March 2020. This together with growing Right to Buy sales has put ever more strain on NCH's annual budget. As well as the recent changes to the rent policy the continued roll out of the Universal Credit initiative, the Benefit Cap, the bedroom tax, the reduced HRA resources and other austerity measures will have similar effects.

When operating in this environment potential savings and opportunities to maximise VFM are crucial for NCH and the Strategy will play a key role in supporting service areas to reduce costs and improve the quality of products and services for our tenants. Despite the financial pressures NCH experiences year on year, the Company is now a Living Wage Employer.

Brexit is likely to lead to an increase in the cost of imported materials and this risk will need to be managed in the supply chain and the respective contracts. Skill shortages in the construction sector are also expected, which will further raise the importance of training and employing local people to deliver as much through NCH as possible and ensuring that this objective is shared with our key contractors.

The recently published Green Paper promises a new deal for social housing residents and is encouraging in terms of the need for investment in new housing, notably social housing, strongly advocated by NCH and across the housing sector. The paper highlights the need to invest in both existing homes to ensure they are safe and decent and projects to build new homes. The Green Paper also emphasises the importance of giving tenants a voice and reflecting their requirements in the delivery of services and products, This Strategy will support NCH's existing objectives to achieve these key aims.

Local context

The NCH Sourcing Team source delivery partners and provide goods, services, materials and works for both NCH's non-pay revenue and capital budgets. The Sourcing Team also source delivery partners for NCC's capital programme and in this respect the Team acts as NCC's managing agent.

The scale of spend dealt with by the Sourcing Team is outlined in the Budget, below:

Our Budgets

These budgets are broadly as follows each year:

Expenditure Categories	£'m
<u>NCH</u>	
- Maintenance & Repair	15.100
- Supplies & Services	4.700
- Premises	3.800
- Transport	1.700
- IT & Office Consumables	2.600
- New Build Capital	1.500
<u>NCC HRA Capital</u>	
- Nottingham Decent Homes Standard	22.900
- City Wide Efficiency	9.300
- Additional Improvements	9.200
- Building a Better Nottingham	14.800

Our Contracts

The range of goods, services, supplies and works sourced through this Strategy is vast, as shown by some of examples below:

NCH Revenue – from stationery and IT systems to support day-to-day activities to subcontractors & materials to maintain Homes and build new ones for NCC.

NCH Capital – from electric vehicles to transport Trade Colleagues around our neighbourhoods and visit Nottingham On Call customers to contractors creating and building new Homes.

NCC Capital – from replacing kitchen, bathrooms, door & windows to ensure that Homes are maintained to a Decent Standard to installing wall insulation & PV solar panels to improve household energy efficiency for City tenants and residents.

NCH contributes to NCC's Nottingham Plan through its Corporate Plan goals. This strategy is vital in supporting the improvements and security of tenants' homes as well as the neighbourhoods through sourcing activity and engaging tenants in those decisions. The Green Paper also challenges housing organisations to ensure residents have more choice in contracted services and oversight of quality and VFM provided by them.

NCC's Housing Strategy 'Quality Housing for All' also includes themes on the supply of new homes, improvement and best utilisation of existing homes as well as tackling homelessness. NCH's continued contribution to the 'Building a Better Nottingham' programme and the expanding activities of NCH RP significantly support these themes.

NCH works in partnership with NCC and is heavily influenced by NCC's Sourcing Strategy, the key strategic themes of which are:

- Economic – Supporting the local economy
- Social – Citizens at the heart of what we do
- Environmental – Sustainable and responsible

These themes are interwoven throughout the Strategy and form part of the objectives. They are delivered by our sourcing collaborations with NCC, our insourcing plans and our focus on the use of local suppliers.

The content of the strategy also supports the ambitions of One Nottingham, whose three aims of 'Aspiration, Green and Fairness' are covered in our key objectives.

How the strategy meets corporate goals

The Corporate Goals, listed below, are interwoven throughout the Strategy to maximise the focus on the Corporate Plan and ensure they are both aligned.

To Listen to our residents and deliver an excellent housing service

- Support NCH's Landlord activities and ensure that suppliers are fit for purpose.
- Maximise outcomes for tenants and the local people through supplier contracts.
- Invite tenants to evaluate suppliers alongside NCH.

To make all our estates great places to live

- Add value to the Decent Homes and Decent Neighbourhoods strategies by working closely with the teams and tenants.
- Include social value requirements in contracts and check suppliers are fulfilling such requirements.

To build high quality, affordable new homes for local people

- Support the insourcing aim by sourcing materials competitively.
- Achieve efficiencies through partnership working logging and monitoring all cost reductions and cost mitigations.

To diversify our services, re-investing in our communities

- Support insourcing where possible
- Ensure sourcing and procurement best supports diversification into new service areas
- Use new technologies for information sharing and collaboration.
- Encouraging local suppliers to tender for opportunities.
- Recording contracted supplier's postcodes in the Sourcing Database, with the aim to increase the number year on year.
- Promoting local employment, training and the use of Nottingham City Employer Hub through the tender process.
- Advertising locally, know the market and communicate with it.

To be a great place to work

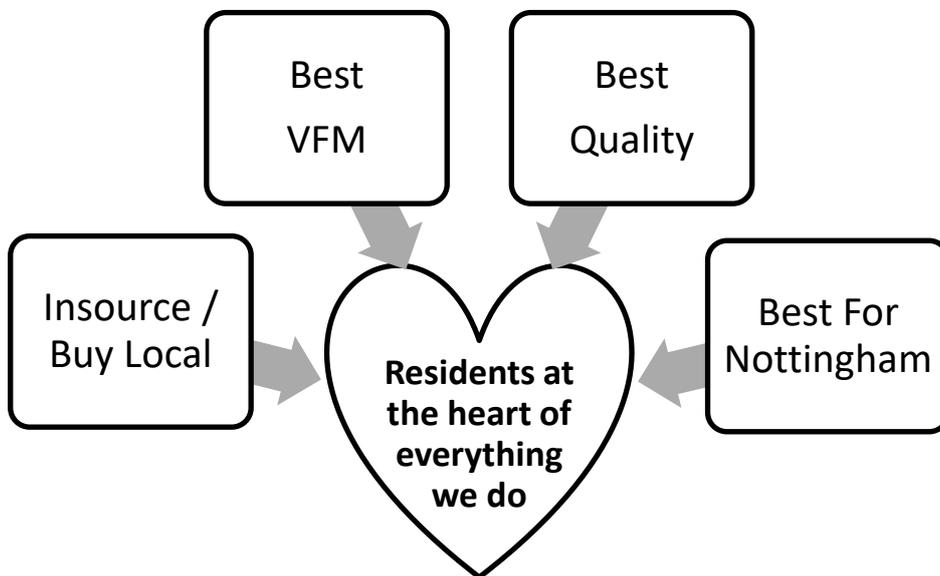
- Review energy saving opportunities; Measure our carbon footprint before and after energy saving projects.
- Promoting continuous training and development within the Sourcing team.

Vision

The overarching vision of our Sourcing Strategy is:

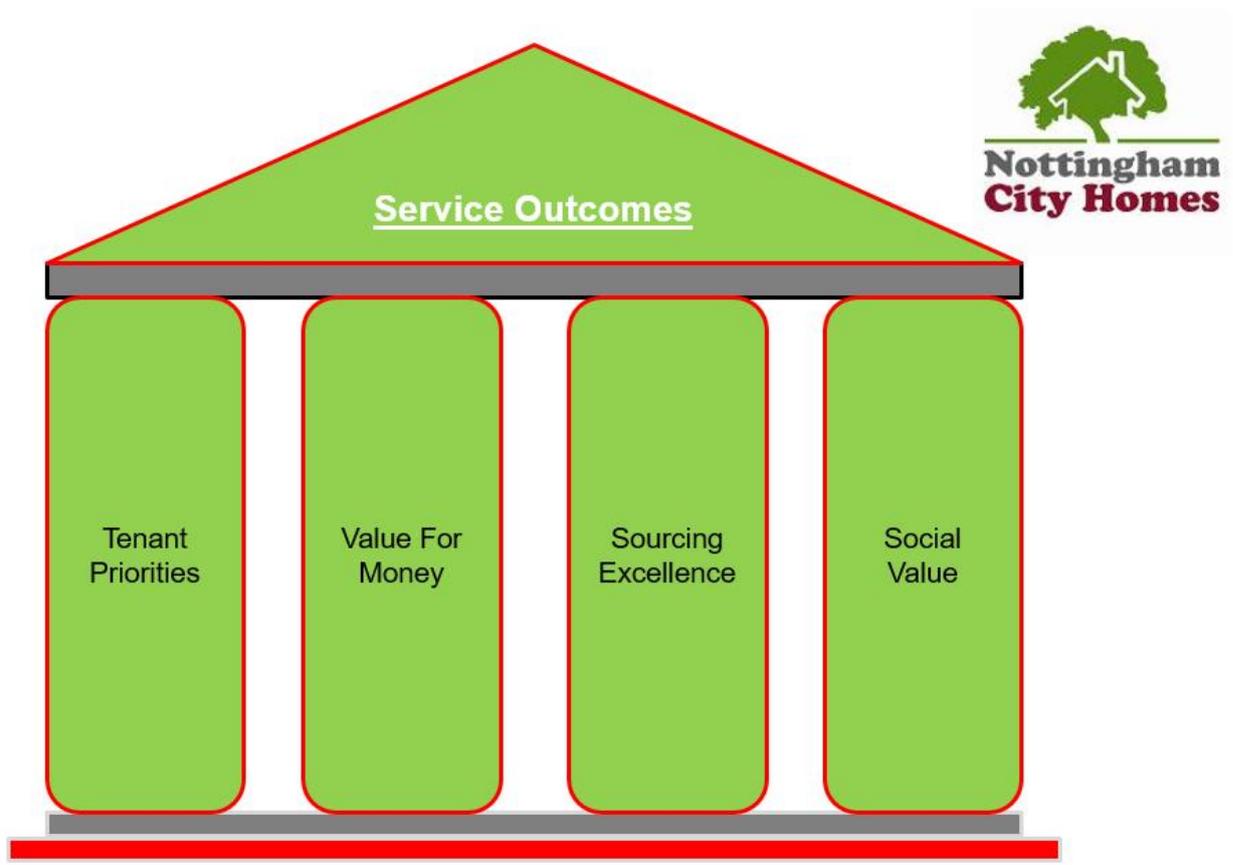
To insource and buy locally where possible, delivering and achieving the best VFM and quality, for our Tenants, Customers and for Nottingham.

The themes in our Vision provide a framework for delivery and ensure that we always keep residents at the heart of everything that we do.



Delivering the strategy

In order to achieve the Sourcing Vision, four key Sourcing Objectives have been established, as outlined below, which will underpin the delivery of the Strategy:



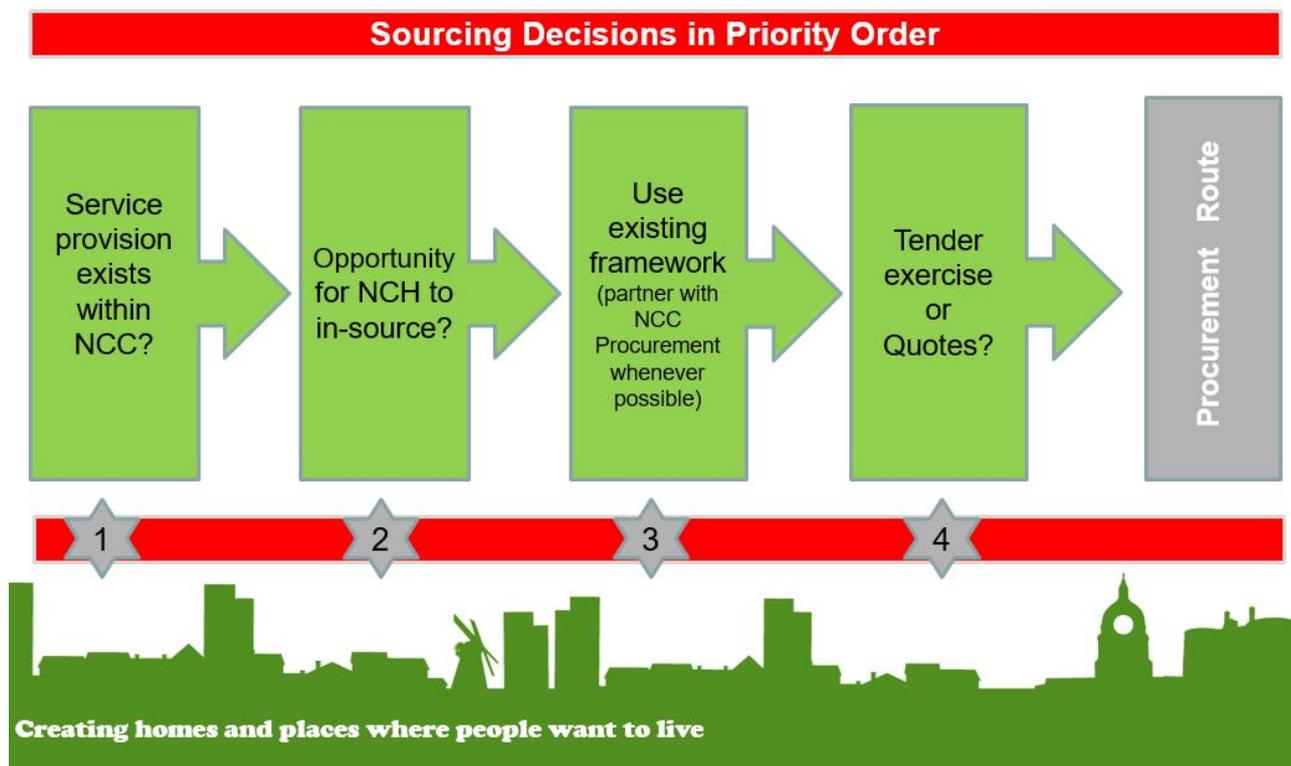
A detailed action plan has been developed to set out how NCH will achieve its objectives and fulfil the Sourcing Strategy.

Sourcing approach

NCH's approach to selecting sourcing and procurement routes will consistently take account of the need to ensure we are delivering our primary partnership working, insourcing and VFM aims. This shall be achieved through the following:

- Identifying if services provision can be provided by NCC or through an existing NCC contract.
- Supporting NCH service areas to identify and create insourcing opportunities – through existing resources, targeted recruitment, training and working in partnership with others.
- Utilising relevant contracts and call-offs available on existing frameworks and Dynamic Purchasing Systems (DPS's) i.e. avoid 're-inventing the wheel' when they demonstrate VFM.
- Completing NCH specific procurement projects where the above do not secure the best VFM or adequately meet NCH's requirements.

The diagram below shows this approach, set out as the sourcing decisions in priority order. It demonstrates how the four sourcing decisions support the Strategy and lead to the most advantageous procurement route.



Delivering on our four objectives:

1. TENANT PRIORITIES

We will continue to:

- Maximise outcomes for tenants and NCH Group through Supplier contracts.
- Work with the tenants on our Supplier Evaluation Panel to evaluate tenders jointly for key contracts that have the most impact on their homes, neighbourhoods and front line services.
- Support S20 leaseholder consultation when carrying out major works.

We will:

- Add value back into communities by training tenants during the procurement process on the benefits of new products, how best to use them and any Health & Safety issues.
- Create Tenant Sourcing Champions who at NCH and other community events can talk to other tenants about the improvements sourced on their behalf. This will improve clarity and transparency of sourcing decisions to those tenants and leaseholders that

represent the customers of NCH. This will greatly help NCH to gain tenant 'stakeholder buy-in' for new products or services, helping to assure a satisfied customer base.

- Meet with the tenants on our Tenant Supplier Evaluation Panel regularly and communicate about our sourcing collaborations with NCC and other partners to achieve efficiencies.
- Seek to involve tenants and leaseholders in the tender process, at the very early stages to assist in generating product or service specifications and KPIs where a tender is considered to include high levels of customer engagement and satisfaction.
- Liaise with the Tenant Academy to provide training to tenants and leaseholders prior to further involvement in the procurement process.
- We will consult with our tenants to ensure that products and services being sourced adequately meet their requirements.
- We will look into the potential to pilot a framework or a DPS where tenants can choose a contractor, potentially between two suppliers initially amending accordingly based on an annual review of tenant feedback. As this evolves it could bring about significant improvements in contractor self-management and performance as tenants vote with their choice based on published KPIs and previous tenants' testimonies and experiences.
- Involve tenants in key decision making on sourcing projects that affect our tenants.

2. VALUE FOR MONEY

We will continue to:

- Ensure that all contracts (whether NCH's or on behalf of NCC) have named contract managers in place.
- Communicate clear expectations of the contract managers.
- Support colleagues where required in the performance management of contractors.
- Deliver on the expectation of added value.
- Participate in user groups.
- Work in partnership with service areas and the Responsible Officers (ROs) to carry out benchmarking and market testing.
- Support the insourcing aim by sourcing materials competitively.
- Work to achieve efficiencies through partnership working.
- Secure the most advantageous deals and deliver savings from contracts and use frameworks where relevant.

We will:

- Use the new Oracle Fit for the Future system to monitor staff and their use of existing contracts in terms of compliance.
- Ensure full requirements are determined in a timely manner to maximise VFM.
- Establish frameworks to build VFM supplier relationships and ensure best price for projects and supplies.
- Confirm KPIs early to ensure effective contract management from the start rather than after the commencement of the contract when it is less easy to hold the supplier to account.
- Deliver savings through the sourcing process.
- Ensure prices are controlled post contract.
- Streamline our processes and procedures to ensure VFM.
- Use mechanisms such as mini competitions and benchmarking to test prices.
- Ensure VFM with partners through our contracts.
- Secure the most advantageous deals and deliver savings from contracts.

- Consider opportunities to save money by sourcing directly from manufacturers for savings.
- Improve the VFM opportunities for increased New Build volumes.

3. SOURCING EXCELLENCE

We will continue to:

- Support the insourcing aim by sourcing materials competitively and quickly.
- Achieve efficiencies through partnership working (e.g. with NCC, other Housing Providers).
- Strengthen NCH Group's supplier and contract management.
- Always be legally compliant, transparent and auditable.
- Make use of frameworks when applicable for efficiencies.
- Ensure that ROs are engaging with the Sourcing team.
- Record the outcome of each procurement project.
- Hold monthly meetings with Assistant Directors in key areas of the business.
- Hold regular 'One to Ones' with Sourcing team members.
- Review and monitor PDR objectives (which shall be linked to the Strategy),
- Ensure that actions and KPIs are on track.

We will:

- Develop and manage SLAs linking with NCC wherever possible.
- Create routes to access modular & other evolving types of buildings supported by the in-sourcing aim.
- Establish full contract and category management structures and supporting data within Oracle.
- Maximise Oracle's Procurement functionality and reporting.
- Review energy saving opportunities and incorporate them into plans.
- Use new technology for information sharing and collaboration.
- Secure materials for in-house build through frameworks and DPSs.
- find the best ways of adding value and support the Decent Homes and Decent Neighbourhoods strategies.
- Deliver IT solutions for the digital inclusion of all tenants.
- Establish frameworks to support NCH's growth and commercialism objectives and provide flexibility to support operational delivery.
- Incorporate all relevant legislative requirements into tenders and contracts.
- Network to investigate new potential technologies and materials and put RO's in touch with potential new suppliers.

4. SOCIAL VALUE

We will continue to:

- Work through the Sourcing Decisions, encouraging the use of NCC and the insourcing of works to employ local people.
- Work with the ROs to investigate the local market and encourage and support local suppliers in the tendering process.
- Promote local employment, training and the use of Nottingham City Employer Hub through the tender process.
- Support the drive for the employment of Apprentices.
- Engage in the NCH volunteering opportunities.

We will:

- Support local community schemes.
- Find new ways of adding value through our sourcing activities.
- Work with the Tenant Sourcing Champions to find out what is important to them in terms of social value.
- Investigate opportunities to give talks / training in schools / colleges to teach children about sourcing in social housing.
- Investigate opportunities to engage with some of the younger people in our social housing to potentially support the creation of an interactive 'blog' or app about what the younger generation wishes to see from NCH, along with the T&LI team.
- Investigate opportunities to take best practice from other Local Authorities and Housing Companies where possible regarding social value.
- MAX CSR – clear expectations in contracts, partners monitored on CSR delivery.

Resources

Our People

The strategy recognises the need to make sure that there is efficiency and effectiveness in everything that we do. The Strategy's building blocks have been established to set out a path and show NCH's commitment to achieving the best outcomes for every pound we spend in the interests of our tenants and leaseholders. VFM through sourcing is crucial in allowing NCH to deliver more especially in times of tightening public expenditure, pressures on budgets, commitment to support NCC's budget challenges and in an increasingly challenging social housing environment.

The successful delivery of this Strategy is contingent upon having a well-trained, highly skilled and motivated Sourcing team that is led by determined, outcome focused management able to continually extract lessons learnt from procurement projects to ensure continuous development.

The Sourcing team use their experience and knowledge to deliver the strategy and the Procurement Officers will continue their professional development through CIPS training. Such CIPS training will ensure that our team are best positioned to be well informed of procurement best practice that will be to the benefit of NCH and our suppliers and customers. Additionally, the team will also have access to other, good quality, relevant training which shall be on going to reflect changes in legislation and case law. The Sourcing team will also be expected to take advantage of relevant networking opportunities to maximise both their potential and the benefit to NCH and to share with peers the excellent work of NCH.

On a day-to-day basis, internal legal advice and, on occasion, external legal advice shall be made accessible to mitigate any risk of challenge where relevant.

Sourcing will use the latest technology to ensure maximum efficiency in our work, for example, in using digital NEC and JCT contracts in place of the traditional hand-written contract 'books'. We will also access online credit reports to monitor our supplier's financial credit worthiness with the aim of arming NCH with financial intelligence about our suppliers. This will empower the Company to mitigate as far as possible, any financial risk. New opportunities to utilise technology, where relevant, will be reviewed and actioned accordingly.

We want the Sourcing team to live and breathe the Company Culture, in particular; to have a clear sense of direction, for example in terms of sourcing route and in striving to harness

social value, to be ambitious in delivering the very best service, to work as one team and seamlessly support one another as required. To believe in the Company Values demonstrated by our actions, to go the extra mile in all aspects of the role, to keep colleagues well informed, for example, on the progress of a tender or a contract. To empower the team and encourage new ideas through good management and personal development and to encourage learning through good communication, sharing of resources and accessing relevant training as required. To be fair in our treatment of each other as well as our internal and external colleagues and to be respectful and honest at all times.

Monitoring and reviewing the strategy

The Strategy will be reviewed annually to ensure its significance and relevance within the Company is maintained and to take account of any relevant changes in the influencing strategies. The Strategy will be updated in line with changes to the Corporate Plan and other Group Strategies. Any changes will be made promptly and any substantial amendments brought to Board for approval.

Feedback on Sourcing services provided, and hence achievement of the Strategy's objectives, is obtained through a short survey completed by internal customers after a procurement project has been undertaken. These surveys also provide an effective method of assessing the team's approachability, helpfulness, proactiveness, communication skills, ability to explain the sourcing processes effectively, as well as suggestions for improvement ideas. The results are collated and reported regularly with action plans in place as required. This activity, amongst others, demonstrates that the Sourcing team are endeavouring to achieve alignment with our Company Values and strive for continuous improvement.

The strategy is supported by an Equality Impact Assessment that has analysed how the strategy affects different groups and how the impact of this can be addressed.

Regular reports will be produced to demonstrate how the strategy's key outcomes are being achieved. The following Targets and Critical Success Factors shall support this process.

- 100% satisfaction (in terms of levels of involvement) from our Tenant Sourcing Champions.
- 100% of OJEU contracts to be in place.
- 100% of cost reductions and mitigations logged and monitored.
- Increase levels of collaborations on a yearly basis.
- Reduction in our carbon footprint following energy saving projects.
- Increase the number of local suppliers year on year.
- Advertise locally, know the market and communicate with it.

Key risks

The Corporate Plan sets out the Corporate risks that could inhibit the achievement of the Company's goals and objectives. This Strategy shapes how sourcing will be developed and the factors it will take account of in the procurement model. Therefore, risk will primarily affect the degree to which the objectives of the strategy can be achieved. Key sourcing sub-risks that fall within the relevant corporate risks are highlighted below, along with mitigating actions:

Risk to delivery of this strategy	Actions to be taken to mitigate
Failure to deliver the key outcomes of the Strategy.	<ul style="list-style-type: none"> • Company / Board support for the outcomes • Regular review of progress through One to One Reviews and Objectives reviews
Capacity of the local market and local suppliers to be the VFM option.	<ul style="list-style-type: none"> • Know the local market and which local supplier are the VFM option • Help to grow local talent through encouraging suppliers to give work experience, training and Apprentice opportunities
Ability to improve local supplier, SME and social enterprise participation in NCH procurement.	<ul style="list-style-type: none"> • Develop strategies to improve local suppliers, SME and social enterprise participation in NCH procurement • Improve knowledge of skills gaps and address
Engagement and input in procurement processes by Responsible Officers (RO) and seniority of ROs.	<ul style="list-style-type: none"> • Continue to work closely with and engage Responsible Officers (RO's) in procurement processes
Inconsistent application of and/or non-compliance with the Tender and Contract and Procedure Rules.	<ul style="list-style-type: none"> • Share knowledge of compliance rules and procedures with colleagues • Monitor compliance regularly and address any issues as they occur
Ability to establish and develop tender assessment criteria that are not exposed to increased risk of challenge.	<ul style="list-style-type: none"> • Attend regular training to ensure that all policies and procedures are up to date and compliant
Failure to award contracts to suitably qualified and competent organisations, which results in poor quality work, services and/or products.	<ul style="list-style-type: none"> • Strong evaluation criteria to be created up front and good record keeping to be maintained
The impact of Brexit on contract prices and/or the exposure of suppliers to, and ability to manage, price increases.	<ul style="list-style-type: none"> • Stay abreast of the news about Brexit and take action as and when required

Sourcing risks will be annually reviewed, identified, controlled and managed through the Finance and Sourcing Team Plan within which each risk is assessed for likelihood and impact. In addition to the existing internal controls in place to reduce these risks, mitigating actions shall be agreed in the plan to ensure the risk appetite is in line with that required by EMT and the Board.

Key linked areas

There are a number of crosscutting themes and key areas that need to be included in a Strategy that will fully support the achievement of NCH's Corporate objectives and these are picked up directly below.

Health and Safety (H&S)

NCH is committed to providing a safe and healthy work environment for all its employees, contractors, suppliers and of course tenants. This commitment forms part of the Company's H&S policies but in addition:

- Consideration is given to H&S issues when qualifying contractors and suppliers with whom we may do business; and
- Relevant H&S issues and requirements for specific works will form part of the tender documentation.

The importance of maintaining the highest H&S standards in the products we buy and services that are delivered on our estates and to tenant's homes, was brought into sharp focus in 2017 by the tragic events at Grenfell Tower in London.

Sustainable Energy

Investing to reduce energy consumption is an effective use of public money and will help our tenants to reduce their expenditure, contributing towards NCH's vision of creating homes and places where people want to live. NCH have already taken giant leaps in reducing energy consumption notably adopting Solar PV panels, insulating homes and installing energy efficient boilers.

Energy projects also provide excellent VFM where grant funding is available to contribute towards the capital cost of the scheme and effective procurement will ensure that such funding goes as far as it can. NCH is committed to identifying, investigating and investing in new technologies such as building eco-friendly modular homes.

Consortium Procurement

Joint procurement and the use of procurement consortium shall be used to improve VFM where it has been demonstrated that aggregated volumes generate efficiency savings. NCH recognises that despite being a large organisation with significant purchasing power in its own right, working with a consortium opens up existing procurement routes that may already provide VFM. Consortia include:

- Efficiency East Midlands (EEM).
- Eastern Shire Purchasing Organisation (ESPO).
- Procurement for Housing (PfH).
- Crown Commercial Service (CCS).
- Fusion 21.
- Northern Housing Consortium (NHC).
- London Housing Consortium (LHC).
- Scape Group.

NCH will not only review new and existing frameworks, but will also review new and existing DPS's.

Dynamic Purchasing Systems (DPS's)

A DPS is more flexible than a framework (suppliers can be added at any time) so it's open to new opportunities therefore increased competition and greater potential overall savings. This also means that NCH could access new technologies as they become available. Risk is also reduced, as more suppliers would be available to quickly choose between. Suppliers don't have to demonstrate suitability and capability every time they wish to compete for a public sector contract and there is no standstill period so awarding is faster. A DPS can be run for longer than four years, cutting down expensive re-procurement exercises and helping to develop longer-term business relationships.

Employability

Employment and training is a key driver of social and economic improvement and hence NCH is committed to the creation of employment and training initiatives as part of its Employability strategy.

Employability, including the benefits to the local community and employment opportunities, shall form part of all pre-tender procurement briefs for consideration. Invitation to tenders shall continue to promote and encourage companies wishing to work with NCH to provide employment and training opportunities.

Where the value of work is in excess of £1 million, the tender documentation will encourage creation of at least 1 new trainee employment opportunity that is available to the local community and the new trainee shall be employed throughout the duration of the contract enabling a qualification to be obtained supporting full time employment when the scheme ends.

The Nottingham Employment Hub has been created to provide a recruitment and training service that responds to employer workforce needs by coordinating the resources and expertise of local and regional agencies. Where NCH consider a supply/service to be labour intensive and/or has the capacity to delivery employment and training opportunities, the successful bidder will be required to engage with the Nottingham Employment Hub.

Equality and Diversity

NCH is committed to equality of opportunity in the provision of services. We strive to ensure services are equally accessible to everyone and appropriate to the differing needs of all sections of the community we serve as we recognise that equality in service delivery makes sure the services provided meet the diverse needs of different groups.

NCH takes a proactive approach to our obligations arising from Equal Opportunities legislation and uses procurement to promote and encourage suppliers to have their own policies. Failure of suppliers to meet their obligations could make NCH, and in some cases individuals, liable to legal action and prevent organisations from being allowed to tender for future NCH Contracts. Prospective suppliers or people working on NCH's behalf shall be required to:

- Be clear about NCH's position on Equality and Diversity (E&D) and, in the absence of their own adequate policy, adhere to NCH's policy;
- Demonstrate that all reasonably practicable steps are taken to allow equal access and equal treatment in employment and service delivery for all;
- Ensure that where possible and required, goods and services are adapted to meet the diverse needs of tenants;
- Include an equality and diversity aspect in customer care method statements.

Both suppliers and potential suppliers are invited to take part in E&D initiatives and programmes such as training, audits and possibly accreditation in the future and strive to be best practice in this area.

Living Wage

As part of our commitment to equality and Employability, we are now an accredited Living Wage Employer an accreditation that recognises that NCH pays a real Living Wage, above the current minimum wage, that meets the cost of living for all of our employees.

Our target is much wider however, and we shall pro-actively encourage all contractors and sub-contractors to adopt the Living Wage so that together we can make a difference to peoples' lives.

Modern Day Slavery Act

We recognise the responsibility that we share with our suppliers, to buy materials and deliver our services in an ethical manner and are committed to our responsibilities under the Modern Slavery Act 2015 across the whole of the NCH Group including our subsidiaries. Only suppliers who share our standards and values and are committed to the eradication of slavery and human trafficking will be considered appropriate to trade with NCH to ensure the upmost confidence is retained with our customers and partners. One of the Sourcing team members is a trained Modern Day Slavery Champion and regularly updates the team and colleagues on how best the legislation can be adhered to.

An annual risk assessment of suppliers is performed to establish what further information and/or due diligence may be required to provide assurance that slavery or human trafficking is not taking place within the business or supply chains. For example, imported products sourced from outside the UK or EC in the supply chain create additional risk.

Our formal procurement process requires all prospective suppliers to confirm whether they comply with the Act. Where their turnover is above £36 million, they are asked to provide their annual statement together with evidence of compliance. Information on supplier subcontractors and overseas supplies in the supply chain is also obtained to help inform NCH's risk assessment.

NCH will not work with any organisation that either has or is found to be knowingly involved within either human trafficking or modern slavery.

Learning from others

We will build relationships with other ALMOs and Housing Association Registered Providers through peer-group/benchmarking groups and other networks to identify best practice and share learning. These relationships may in the future provide opportunities to provide procurement services

Brexit

Brexit poses both risks and opportunities to the housing market. As yet, no one can be sure of the exact outcomes of Brexit, however, and no changes will occur until at least the end of March 2019 during the political negotiations. In terms of the impact on the UK's procurement law, the UK has typically gone above and beyond the minimum requirements imposed by the EU's directives, which suggests that the UK would intend to continue in maintaining regulations in public procurement, as many of these have already been implemented as UK law. Indeed, the UK had a major involvement in creating the EU's public procurement rules in the first place, however some changes are likely. Potential changes beyond March 2019 could include UK authorities publishing notices in a UK based publication (as opposed to

OJEU). Whilst this may increase the demand for UK suppliers and generate wealth for the UK economy, it may also result in reduced competition. A potential positive difference could be a level of increased flexibility towards UK based service providers.

Prices in general throughout the supply chain will probably change, certainly if tariffs are applied, for example for materials, potentially putting a tighter squeeze on the budgets, however this depends on the types of agreement the government makes with both EU and non-EU countries. The value of the British pound could also impact on prices. Even though the majority of NCH's suppliers are UK based, their supply chains may originate elsewhere in the EU.

We may have a changed labour market that could also affect our costs, for example, much of the UK's construction industry relies on labour from the EU. Some of the labour force may decide to leave the UK post Brexit creating further pressure on construction prices. This may create issues with contracts and so NCH needs to work closely with suppliers to consider how the risk of this would be managed.

It is likely that the UK would lose some of its EU grant funding for certain projects leading to NCH having to carry out a higher quantity of sourcing projects to cover any shortfall, which would otherwise have been handled by a different department. However, funding from non-EU countries may become more prevalent, depending on the final political deals made with non-EU countries.

Action Plan

A detailed action plan will be developed to deliver the commitments in this strategy.

