

# Supply Chain Strategy

2023 - 2028





**Plymouth Community Homes is a leading independent housing association focused on delivering great services and improving lives in the communities we work within.**

In early 2023 Plymouth community homes published its Strategic Business Plan for the next 5 year period. The plan sets out the organisations mission to facilitate a high-quality affordable home for everyone, and its vision of providing homes and communities where people want to live.

In dealing with our contractors and suppliers, PCH has the opportunity to contribute to the mission and vision by ensuring our money is spent wisely, generating value, improving efficiency, and driving innovation through practices and processes that align to a sustainable approach.

**Strategic Business Plan 2023-28 Overview**



PCH spent approximately £ 46M in 2022/23 on goods and services. Using a spend analysis methodology we are able to categorise our spend and identify how we and where we spend our money. There is significant investment in creating new homes that people want to live in as well as regeneration and improvement of our existing housing stock.

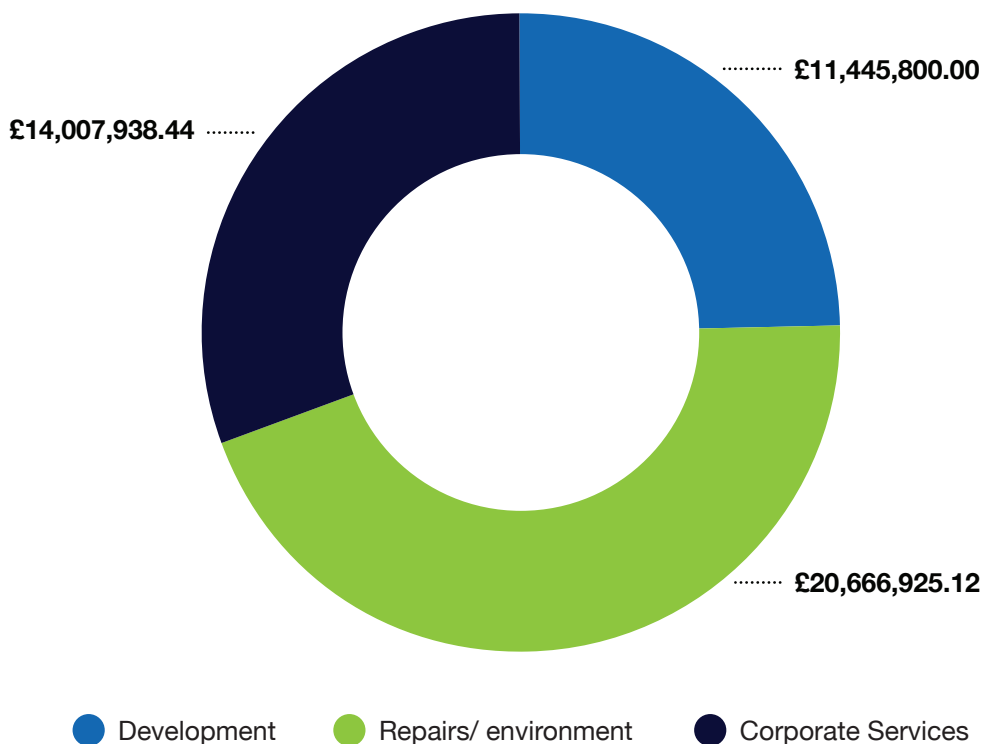
We also have significant investment in ensuring that our customers and tenants expectations are met through a

programme of maintenance and repairs to homes and buildings, as well as outdoor and community spaces.

Our people are supported and enabled to deliver outstanding services for our residents through our on-going investment in the essential tools, equipment, and resources needed to ensure continuous improvement in service delivery.

The below diagram shows how our spend in 2022/23 reflects this.



## Spend by Headline Category 2022/23





Our supply chain strategy seeks to ensure that we generate value from all our commercial and contractual activities. To ensure that our commercial and contractual activities are conducted in a professional and ethical manner, and that we ensure that we consider sustainable aspects in our purchasing decisions.

In order to meet our supply chain objectives, it is necessary to adopt an wholistic approach if we are to create appropriate leverage within supply markets. Working within the PCH Behavioural Framework will enable close inter-departmental collaboration and development of corporate specifications, focussed on customer needs, and seeking improvements before we seek the solutions.

## Supply Chain Objectives

-  Delivering Value
-  Delivering Efficiency

-  Delivering Innovation
-  Delivering Sustainability

## Delivering Value

Delivering value for PCH and our residents is a key to all our transactions with suppliers and contractors. We spend a significant amount with third parties every year and we will focus on:

1. Delivering value through competitive processes (Tenders / RFQ/ Mini-Comp)
2. Improving the value of our contracts by packaging our requirements in the most effective and efficient ways to stimulate market interest and therefore competition.
3. Seeking added value by encouraging market innovation and social value concepts within our tender and contract evaluation and award processes.
4. Generating value that our customers can easily recognise.
5. Ensure that risks are well managed and that achieving added value is not hindered by a disproportionate risk averse approach.

## Delivering Efficiency

Supply chain efficiency will touch most, if not all, of our organisational transactions. It should be recognised that we incur costs in processing every purchasing transaction we initiate. We will therefore focus on value chains, understanding the cost of each activity within our purchase to pay processes and eliminate those that are only generating an additional cost the organisation, without adding value. We will monitor, evaluate and where necessary make changes to:

1. Requisition to pay processes – making sure there is adequate segregations to ensure compliance with good practice. Ensuring faster, cheaper and secure buying by deploying, where appropriate, pre-negotiated catalogues, consolidated billing, e-procurement, supplier generated efficiencies, dynamic procurement systems.
2. Sourcing process through electronic means using pre-qualified suppliers, and therefore improving access to quality assured supplier bases and reducing time in “searching”
3. Stock optimisation, through continuous data driven evaluation of our stock levels and buying habits, and usage monitoring.
4. Logistics and stock movements – we will continue to look for benefits derived from improved management of our operational mobile units and the levels of stock and equipment they routinely carry.
5. Contractor/ Sub Contractor engagements and service delivery will be reviewed and monitored to ensure appropriate, effective and efficient use, and where necessary modify practices and processes to ensure value is achieved.

## Delivering Innovation

Innovation has been defined as the commercial exploitation of Research and Development and from a Supply Chain perspective, a good idea becomes an innovation when it can be utilised for the organisation’s benefit.

Our greatest source of innovation is our supply base encompassing 1000s of minds and significant resources. Win-win contract improvements are often a driver of innovative solutions.

We will actively seek out information on potential innovations within the market sector and associated supply chains, and objectively assess business benefit. Following this we will trial new technologies in a safe environment and consult colleagues and end users on any major change.

## Delivering Sustainability

The UN Marrakech Task Force definition of Sustainable Procurement is, “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, whilst minimising damage to the environment.”

Sustainable procurement requires us to give consideration to the impact that we are having on the environment, the economy and society, when making our purchasing decisions.

### 1. Environmental Impact

When specifying any goods, services or works, we need to consider carbon emissions and carbon reduction. In doing so we should ensure that our suppliers have a carbon reduction plan/policy in place and that they can demonstrate that they are delivering a reduced carbon footprint with a target date for achieving carbon neutral status.

We should ensure that waste is managed effectively throughout our supply chain, ensuring that wherever possible materials are re-cycled, and that suppliers are not polluting either land, rivers or the seas.

### 2. Ethical and Economic Impact

In selecting our contractors we need to ensure that our evaluation practices and procedures are capable of filtering out organisations engaged in, or funding activities such as fraud, corruption, violence and terrorism. Modern slavery, forced labour, child exploitation are also becoming more prevalent in the modern world and we should use all reasonable means to ensure that our contractors and their suppliers are not involved in such practices and are dealing in an ethical way.

### 3. Social Impact

We will promote our own values within our supply chains, to ensure that all workers are paid a fair wage, that there is no form of discrimination and that workers are treated equally and with respect, in a healthy and safe working environment.

We will seek additional value within our contracts, and encourage contractors to provide excellent service to residents, listening to, respecting and engaging with them, and to provide positive social impact to neighbourhoods and homes where they are working.



# Supply Chain Actions

How we will deliver



Stakeholder Management



Supply Chain Design



Vendor Management



Strategic Sourcing



Demand Management



Specification Management



Contract Management



Supplier Management



Risk Management



## Developing the right engagements

### Stakeholder Management

Engaging with our stakeholders inside and outside the organisation is a key priority for Supply Chain in order to understand and meet requirements.

In addition we will ensure that PCH's voice is strong in the local and national Supply Chain communities, so we can learn, benchmark and benefit from aggregation of demand.

We increasingly focus on more customer involvement in the Supply Chain processes through our Spend and Saves group for residents and will continue to grow this area of our stakeholder group.

## Developing the right vendor base

### Supply Chain Design, Vendor Management

The nearly 700 suppliers and contractors we trade with regularly have grown over the years and we need to assess whether our vendor base meets our current and future needs.

We will design our vendor base proactively to support our ambitions rather than simply reacting to demand. This way we can select the right suppliers and contractors.

Given our commitment to localism, PCH needs to strike a clear balance between making it easy to trade with us to encourage SMEs and local suppliers and providing supplier

due diligence, performance and quality. We will increasingly automate our vendor approval and maintenance systems to help in this process.

PCH want to manage our supply base effectively. To do this we will review and segment our supply base and manage suppliers based on their importance to us.

# Developing the right requirements

## Specification and Demand Management

The way we specify our requirements influences the choices available to us. In order to stimulate competition, innovation and flexibility PCH will increasingly utilise performance specifications, describing outputs rather than inputs.

In specifying products we will implement standardisation to allow for easier maintenance throughout.

Supply Chain will act as Demand managers, challenging requirements and advising on process changes which help reduce demand and save money.

PCH is becoming what is generally referred to as an “intelligent client” – the more we know about the product / service we procure, the better we are able to buy it well.

# Developing best routes to market

## Strategic Sourcing

The Procurement Regulations 2015 (currently expected to be replaced in 2024) apply to PCH procurement, so how we procure our major spend items is governed by law. The challenge for PCH Supply Chain is to ensure the best commercial deal for us within the confines of the regulations.

PCH will increasingly assess whether a product/service is better procured externally or delivered internally. Formal Make / Buy evaluations will help determine Value for Money.

Sourcing optimisation – PCH already use electronic sourcing tools (Mecell), and we will make access to quality checked sourcing tools more readily available to the end users, thus cutting sourcing time. We will in time aim to automate much of the sourcing process.

For the majority of repeatable spend product and service catalogues will be made available to end users with defined ranges, prices and terms, and therefore expedite efficient purchasing.

Cost Evaluation - procurement and supply chain teams use product and market knowledge as well as financial models (such as whole life costing, swing volume costing, should costing) to determine how much we should pay. Supply Chain teams will continue to collaborate with all PCH teams to ensure that product and market knowledge is transferred and used.

Negotiation skills – having the knowledge is one part of the equation, using it effectively is the other. By strengthening PCH’s ability to negotiate on goods and services wherever possible and compliant under existing and future Procurement Regulations, we make sure that we maximise our resources to be invested into housing projects.

Category Management – Understanding that most of our procurement is not unique but can be grouped into larger categories. These can then be packaged in a manner which then attracts wider competition and more advantageous contract terms.

# Developing value assured contracts

## Contract management

Focusing on the initial procurement processes many organisations forget about the ongoing need to manage contracts and, as a result, those contracts fail to deliver the value they promised to.

Focusing on contract management training, tools, templates and key performance indicator tracking, procurement will ensure that contract managers in PCH know how to manage their contracts to extract maximum value.

We will also work with suppliers on developing “beyond contract” value, synergies, innovations and other measures which translate into real, measurable benefits for PCH, and its residents and communities.

# Developing capable suppliers

## Supplier Management

We will engage with our supplier base to “sense check” our activities and processes to ensure that we are not placing barriers to trade, through our own behaviours, in the way of local supplier networks.

We expect our suppliers to measure their own performance and to report on it through management information, so we can see improvement opportunities early and work with our suppliers to ensure optimal performance.

We will use professional supplier performance and vendor management tools to ensure that all our supplier interactions are managed and generate value.

We will use robust contract management and will, where necessary terminate contracts where repeated supplier non-conformance is evident.

Supplier development – as we engage more with the local and innovation markets we may find that suppliers can benefit from our business and service delivery experience. In return we “grow” local suppliers, intensify beneficial relationships leading to cost reductions and encourage innovation.



# Developing capable suppliers

## Supplier Management

PCH operates within a volatile, global supply chain and is faced with a multitude of risks. The recent pandemic highlighted that the construction industry can be affected by events anywhere in the world, and that raw materials are particularly at risk from natural, or man-made disasters as well as conflict and war.

Mitigation of these risks is extremely difficult and can be costly, we therefore need to identify our key supply chains and consider how we can reduce the impact of an unexpected shortage.

We will work with our suppliers and their respective supply chains to understand where there is significant risk and develop plans to ensure continuity of affordable supply, in a timely manner, without compromising quality.

The converse of risk is opportunity. Through market intelligence and regular discussions with its suppliers, PCH staff will highlight any potential development and supply chain benefits available to PCH at a given risk appetite. These might include development and innovation partnerships with suppliers, technological trading developments through AI or other technology industry developments.



# What we will do



Engage with and facilitate customer participation in tender process for service contracts affecting tenants and leaseholders.



Ensure that our tender award criteria include sustainability issues and ensures contractor compliance with Equality and Modern Slavery laws.



Refresh contract management training, tools and templates.



Create easily accessible supplier registration processes and engage with local SME's to encourage participation.



Ensure a full understanding of our costs for “in house” service delivery to accurately inform future decisions on how services can be most effectively and efficiently delivered.



Organise and host “Meet the Buyer” events to facilitate information exchanges between PCH and suppliers and help remove barriers to trade for smaller businesses.



## Actions

## Measure of Success

To engage with residents through our staff and generate interest in participating in tendering projects for works and services where residents are affected.

Resident participation in generating specifications and/or resident participation in tender evaluation and contract process. Target of at least 75% of tenders affecting residents (re-chargeable elements) to have some resident participation. By end of strategy period (2028)

Develop code of conduct for contractors when undertaking works on residents properties and include requirement for compliance within contractual arrangements.

Reduction in complaints relating to contractors and/or increase in compliments relating to contractors. Benchmarking current complaints/compliments and measure progress against current levels.

Develop standard tender templates that include adequately weighted sustainability criteria.

Create register/library of supplier carbon reduction plans and monitor progress at supplier review meetings. Capture and report quarterly, %age of active suppliers having carbon reduction plan.

Improve contract management skills and knowledge of PCH employees by providing training and learning on basic customer requirements and how these can be measured through 5 pillars of procurement.

To undertake basic contract management training with managers, supervisors who are responsible for managing suppliers/contracts. Complete 1 training session every quarter.

Create a quick and easy supplier qualification questionnaire based on minimal acceptable standards in order to increase local supplier engagement.

Increase local supplier registration and participation in RFQ and Tender Activities.

Monitor and record local supplier engagement with tender processes and report in Procurement report.

Establish Dynamic Purchasing Systems (DPS) to improve competitive process and provide best opportunity for delivering improved value.

Report number of DPS established and number of local suppliers registered in Procurement Board Report.

Keep of supply base informed of our needs, both current and future, and develop an understanding of how our behaviours influence supplier bidding decisions.

Host at least one "Meet the Buyer" event annually

# Supply Chain Strategy

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