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## Sourcing and Procurement Strategy

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### Who should read this?

#### **Relevance: All services**

This document should be read and adhered to by all employees. It is also relevant to all companies and individuals that would like to trade with us.

#### **Purpose**

This document describes Anchor's overarching strategy for sourcing and procurement of all Goods and Services needed to keep the business running and developing. There are further detailed strategies for the procurement of Goods & General Services, Energy / Utilities and Property and Construction Contracts.

This strategy is essential in establishing (and maintaining) the processes, systems and relationships that contribute to the achievement of strategic objectives set down in the 2010 – 2015 Business Plan. In doing so it considers the needs of our customers, our services, our staff and our suppliers.

### Introduction and Summary

#### **1. Our purpose**

The aim of the procurement function is to:

- Make sure we can easily buy the correct Goods and Services required by Anchor to run our business and deliver services to our customers at the right price and quality.

#### **2. The Procurement Team**

Anchor has a team of dedicated procurement professionals whose role will be to support and deliver the procurement strategy. The team will be divided into 3 specialist areas: Energy / Utilities, General Goods & Services and Property and Construction. These areas will be supported by a dedicated Procurement Implementation and Innovation Manager.

All procurement activities will be routed through our current 'e' procurement tool 'Bravo'. The Business Support Team will support this auditable process and keep all relevant records relating to tenders and contracts.

### 3. Planning

The Procurement Team will work with Anchor services to understand business requirements and plan our work programmes accordingly. We will also develop and publish clear roles and responsibilities related to the procurement function and those of our stakeholders.

Long term procurement plans will be compiled and published that will set out proposed tender packages. This will allow contracts to be set up in a timely way and enable services within Anchor to plan resources to support procurement activity in their area of the business.

### 4. Compliance

We will comply with all relevant legislation and internal procedures. We will ensure we are aware of forthcoming legislation; amend our processes and train our staff to ensure compliance is maintained.

We will also track and monitor expenditure outside of agreed arrangements within Anchor and determine why non-compliant purchasing is occurring. Action plans will be developed to address these.

We will ensure our suppliers, contractors and subcontractors comply with all legislation related to the service they provide and will substantiate this by audit checks at contract review meetings.

### 5. Engagement and Collaboration

We will engage with Anchor services and customers to ensure they are:

- Aware of all procurement requirements:
- Appropriate specifications can be developed for the goods and services we need.
- Research can be undertaken to source suitable suppliers.
- Processes are designed and reviewed to ensure we work in a way that is effective and efficient.
- Supplier performance feedback is obtained and acted upon.

We will also categorise spend and engage with the relevant markets to ensure we are aware of:

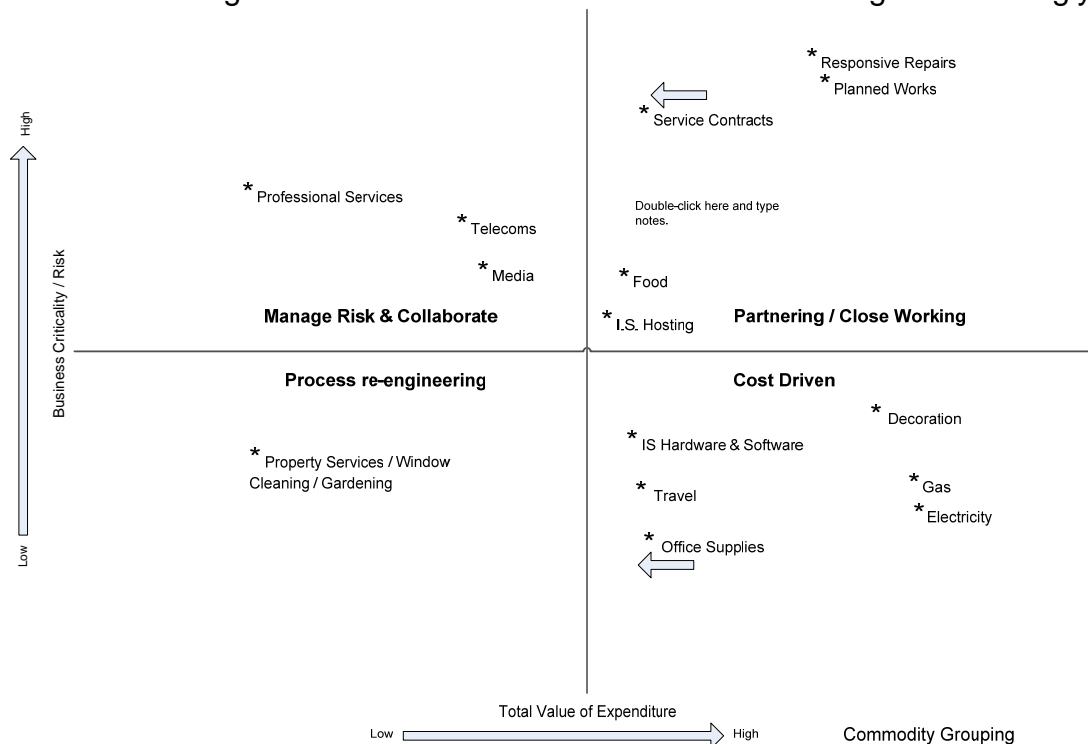
- The relative importance to Anchor of all the Goods and Services we purchase.
- Best practice and innovation within the markets where we purchase goods and services.
- Market trends are tracked and we use this information when undertaking contract review and renegotiation.

We will seek out opportunities to collaborate with others where this will bring an overall benefit; this could include purchasing clubs, RSL's and private sector organisations.

## 6. Category and Supplier Segmentation

To ensure the best use of resources, we will continually analyse spend and volumes for specific commodities and relate this to business continuity risk. We will develop appropriate relationships to optimise results and ensure we focus our resource on the areas with the biggest positive impact on the business.

This approach is demonstrated in the table below – the top right box in the table highlights the areas where we spend most money and that have the highest risks. These contracts have to be managed accordingly.



## 7. Sustainability

In the scoring and evaluation of tenders Anchor will take into account those suppliers that can demonstrate they have the ability to supply goods and services that have a clear environmental advantage, unless there are significant reasons for not doing so.

Anchor will require its suppliers and their subcontractors to demonstrate they comply with the requirements of the Environmental Protection Act.

## 8. Measurement, Benefits and Reporting

We will produce a standard monthly dashboard to report performance against a range of KPI's. We will also measure, report and publish benefits achieved from both procurement exercises and renegotiation of existing contracts, this will be updated as benefits are accrued.

We will provide information annually to assist with budget setting – this exercise will be co-ordinated by finance to ensure realistic budgets are set for the goods and services we purchase.

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We will produce an annual report setting out our achievements for the preceding financial year and our main aims and objectives for the following year.

### **9. Related documents / further reading**

For specific areas of reference there are supporting policies that should be read.

- Energy / Utilities Strategy
- Goods and Services Procurement Strategy
- Sourcing and Procurement Strategy Property & Construction

### **10. Contact**

If you have any comments on the content of this document contact: The Head of Procurement – Malcolm Gara 0771 3085028.