

Group Material/Plant Supplier Procurement Policy and Process

1. Policy Statement

Keepmoat Homes operates a robust supply chain strategy focused on providing best value in the delivery of private homes for sale. We aim to be a leader in best practice and recognised for our innovation and transparent procurement process providing optimum efficiency, service and quality to our customers (both internal and external).

Though we actively encourage engagement with high quality local suppliers, we also operate a suite of group-wide, long term strategic frameworks providing preferential commercial terms and service levels nationally. It is these relationships that are dealt with within this policy.

2. Purpose

Set out the roles and responsibilities of Keepmoat Homes' employees in relation to entering into Group material/plant supplier arrangements and the steps and approvals required to do so.

3. Who is covered by the policy?

This policy applies to all individuals working at all levels and grades, including senior managers, directors and employees (whether permanent, fixed-term or temporary).

4. Training and communication

The training on this policy forms part of the central and regional induction process for all new employees who will be involved in procuring group material / plant arrangements with suppliers.

5. Who is responsible for the policy?

The Group Production Director, supported by the CEO and Executive Board, has overall responsibility for ensuring this policy complies with legal and ethical obligations, and that those employed, contracted or commissioned by Keepmoat Homes comply with it.

6. Monitoring and review

The Group Production Director and Head of Internal Audit will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible.

7. The Material / Plant Supplier Procurement Process

The Supply Chain Director will maintain a schedule of all central arrangements with Group material/plant suppliers, which includes average annual expenditure and agreement expiry dates so that this can be proactively managed to ensure we obtain best value on a timely basis. These arrangements will be made up of framework agreements, rebate agreements and formal price lists.

Approximately 4 months prior to the expiry of any agreement the Supply Chain team will consider the best strategy of negotiation and begin the procurement process. Depending on the category and the nature of the agreement the procurement strategy may differ and so this is not being prescribed, however a formal recommendation is required to be recorded and approved in line with section 9 of this document (and maintained for audit purposes), which does drive the minimum steps that are expected (e.g. benchmarking/assessment of market conditions etc.).

This formal recommendation must be recorded on the form found in Appendix A to this policy and must be formally approved before we enter into any Group Supplier arrangement.

8. Authorisation Required

The Category Manager is required to sign all recommendations made. This is to be supported by the delegated levels of authority indicated below:

For < £1,000,000 spend and where increase on prior agreement is < 1%	Supply Chain Director
Over £1,000,000 spend, or more than 2 years contract length, or increase is > 1% but <15%	Group Production Director
Over £2,500,000 spend or where an increase exceeds 15%	Chief Executive Officer

9. Communication of Arrangements

All arrangements are to be held within a directory on SharePoint which is accessible for all regional commercial teams.

As well as this the Group Supply Chain team will communicate the projected cost movements when they are agreed so that price increases/decreases can be incorporated into Regional Cost to Completes on a timely basis.

Appendix A – Group Material/Plant Supplier Recommendation

Category	
Scope of service	
Background	
Market Overview	
Benchmarking	
Process to Establish Recommendation (including negotiations to date)	
Recommended Supplier	
Contract Start Date	
Contract Term	
Estimated Expenditure	
Pricing and Change Versus Prior Position	
Benefits of Using Recommended Supplier	

Alternative Options Considered	
Signed: Category Manager	
Signed: Supply Chain Director (For < £1,000,000 spend and where increase on prior agreement is < 1%)	
Signed: Group Production Director (Over £1,000,000 spend, or more than 2 years contract length, or increase is > 1% but <15%)	
Signed: Chief Executive Officer (Over £2,500,000 spend or where an increase exceeds 15%)	