

**Topic:** Procurement Strategy

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## 1. Purpose of the Strategy

The purpose of this strategy is to establish the Association's framework for the delivery of compliant and sustainable procurement activity. It is anticipated that the aims and objectives set down within this strategy will enable the Association to improve efficiency across all areas of procurement; enhance knowledge and awareness of good procurement practice across the organisation and ensure that all procurement activity is aligned to the Association's wider vision and strategic objectives.

## 2. Introduction

Shettleston Housing Association is a Community based housing association, Registered Social Landlord and Scottish Charity. We operate within the Shettleston, Greenfield, Springboig and Sandyhills areas of the east end of the city of Glasgow and provide affordable housing and associated services to approximately 2,350 tenants. The Association also provides a factoring service to more than 1,500 privately-owned homes.

The Association is the parent of a Group structure that includes two wholly-owned subsidiaries - Upkeep Shettleston Community Enterprises (Upkeep) and East End Housing Development Company (East End Housing). Upkeep provides a range of 'in-house' maintenance and estate management services to the Association. East End Housing manages a small portfolio of private and mid-market rent properties. The subsidiaries share the vision and values of the Association and this procurement strategy applies to all.

### **The Association's vision:**

Thriving and prosperous local communities where all residents enjoy great homes and services, an attractive physical environment, and good life chances.

Our strategic objectives, set down below, will help us achieve this vision:

- To achieve excellent standards of governance and risk management
- To deliver high quality and value for money services
- To effectively manage our resources to protect our assets and deliver the best possible outcomes for quality affordable homes in the area.
- To combat poverty and facilitate the ongoing regeneration of the local communities.
- To effectively build back after Covid and ensure the successful implementation of the new staff structure.

A key mechanism for achieving these objectives is the effective and efficient procurement of goods, services and works and this strategy sets down the principles that underpin the Association's approach to procurement.

### 3. Procurement

Procurement is the process of acquiring goods, works and services and the procurement process includes all aspects of a purchase, from an initial assessment of the most effective way to procure, to the management of the contract and feedback to suppliers. This strategy sets down the Association's core approach to procurement and is supported by our operational Procurement & Tendering Procedures.

#### **The Association's Procurement vision:**

To ensure effective, transparent and compliant procurement services across the organisation and to deliver value for money and best value to our customers and stakeholders.

### 4. Legislation and Best Practice Guidance

The Association will comply with relevant public procurement legislation and best practice guidance and this strategy has been prepared in the context of the following:

- UK and Scottish Government Procurement Directives
- Procurement Reform (Scotland) Act 2014
- Public Contracts (Scotland) Regulations 2015
- The Procurement (Scotland) Regulations 2016
- Scottish Model of Procurement

The strategy should also be read in conjunction with the following Association policies and procedures:

- Procurement & Tendering Procedures
- Scheme of Delegated Authority
- Financial Regulations
- Anti-Fraud Policy
- Gifts & Hospitality Policy
- Risk Management Policy
- Payments & Benefits Policy
- Whistleblowing Policy

### 5. Principles of Procurement

Although many of the requirements of Procurement legislation apply only to regulated procurements (for goods and services over £50,000 and for works over £2,000,000) the Association will apply the broad principles of procurement across all purchasing activity in an appropriate and proportionate manner:

**Transparency** : Ensuring procurement decisions are clear

**Accountability** : Ensuring procurement decisions are consistent, recorded and reported and that potential conflicts of interest are avoided

**Fairness** : Ensuring all parties are treated fairly and opportunities are advertised appropriately and genuine competition is sought

**Proportionality** : Ensuring tendering requirements are of a scale and complexity consistent with the type and size of contract opportunity

## 6. Procurement Objectives

The Association has identified six procurement objectives to ensure we are able to achieve sustainable and compliant procurement:

- A. Secure value for money and best value in all procurement activity
- B. Operate a consistent and transparent approach to procurement
- C. Ensure minimum environmental impact of all procurement activity and deliver and monitor targeted community benefits
- D. Facilitate improvement in contractor performance through robust contract management
- E. Encourage resident and stakeholder involvement in procurement
- F. Promote innovation

### A. Secure value for money and best value in all procurement activity

The Association is committed to improving the efficiency and effectiveness of our procurement activities to secure best value for all purchases. In order to ensure that we are achieving the best value for money in all procurement activities we will:

- Ensure assessments consider both quality and price aspects and, where appropriate, the whole life costs of goods, services or works being procured.
- Plan and programme the procurement of works to maximise efficiency by packaging works or collaborating with others, where appropriate.
- Develop ways to secure and monitor financial and non-financial efficiencies in how we procure through improved use of resources, improved specifications, etc.
- Consider the use of public procurement frameworks where we can secure benefit from the efficiencies of bulk procurement and reduce staffing resource on procurement activity.
- Use our subsidiary Upkeep to deliver works and services where resources and skills are available. We will evidence best value through regular audit and review of costs and quality of work.
- Ensure appropriate levels of competition are implemented for all procurement activity, in line with current legislation and our own Procurement and Tendering Procedures.

### B. Operate a consistent and transparent approach to procurement

It is essential that the Association complies with current procurement legislation and best practice and that we operate in a fair and transparent manner in all procurement activity.

In order to achieve this goal we will:

- Ensure genuine opportunity is given to suppliers to tender by advertising all procurement opportunities in a manner appropriate to the nature and scale of the tender. This will be via Public Contracts Scotland (PCS) for regulated procurements and in line with our Tendering Procedures for smaller contracts. Refer Appendix 1 for tendering arrangements.
- Develop clear policy and procedure for all levels of procurement activity and ensure compliance across the organisation.
- Deliver regular training for relevant staff on procurement policy and procedures.
- Report on performance and compliance with procurement legislation and best practice to the Association's Board of Management, stakeholders and Scottish Government ministers (regulated procurement) through an annual procurement report. Publish this report on the Association's website.
- Record a clear audit trail on all procurement decisions through the maintenance of a procurement register.
- Undertake a risk assessment for each procurement activity to consider how to secure best value, meet objectives, attract suitable suppliers, mitigate against risk of challenge.

**C. Ensure minimum environmental impact of all procurement activity**

The Association is committed to reducing the negative impact we have on the environment and to encourage all of our suppliers to minimise their environmental impact. In addition, the Procurement Reform (Scotland) Act 2014 places a sustainable procurement duty on all contracting authorities. This duty requires the Association to consider how it can improve the economic, social and environmental wellbeing of our area when undertaking regulated procurement. While the duty applies specifically to regulated procurements the Association will aim to apply a consistent approach to all procurement activity in proportion with its scale and complexity and will:

- Seek to specify materials and products that have a low impact on the environment, in terms of their sourcing, manufacture, lifespan and disposal.
- Where possible offer procurement opportunities to local suppliers, SMEs, third sector and supported businesses.
- Include specific contract requirements to minimise waste production during construction contracts.
- Comply with environmental, social and employment legislation and good practice and follow the principles of fair and ethical trading. In particular we will:
  - Promote payment of the living wage in all regulated procurements and encourage all suppliers to adhere to the principles of fair work practices.
  - Assess suppliers' compliance with ethical trade practices as part of the procurement process.
  - Pay contractors and suppliers within 30 days of being invoiced and require contractors to pay sub-contractors within 30 days of being invoiced

- Require all suppliers and contractors to fully comply with relevant health and safety legislation and assess compliance as part of the procurement process.
- Seek to deliver meaningful and targeted community benefits, particularly through larger, regulated procurement opportunities:
  - Where possible provide opportunities to local SMEs, third sector and supported businesses and encourage contracting partners to consider these types of organisations as sub-contractors.
  - Encourage suppliers, where appropriate, to provide employment, education and training opportunities to local people as part of their contract.
  - Encourage suppliers, where appropriate, to offer support (financial or non-financial) to local community or environmental projects.
  - Monitor and report on community benefits delivered as part of our procurement activity.

**D. Facilitate improvement in contractor and supplier performance through robust contract management**

The Association is committed to continuous improvement in our procurement activity and in the management of our contracts and will ensure we establish clear ownership and responsibility for day to day management of contracts. To ensure we are securing best value for money and the best possible standard of service or works we will:

- Establish and maintain strong relationships with our contractors and suppliers and develop procedures for monitoring performance and reporting to Board of Management and stakeholders.
- Record and monitor compliance with procurement legislation and the Association's own procedures via our procurement register.
- Develop Key Performance Indicators, as appropriate, to help audit performance.
- Use post completion audits and satisfaction surveys to gain feedback on performance and quality of work or goods.
- Ensure lessons learned are fed back to suppliers and communicated to staff within the Association.
- Monitor the delivery and quality of community benefits where these are a requirement of a contract and report progress on these to our stakeholders on an annual basis.
- Ensure appropriate training for staff on contract and procurement management and seek assistance from external specialist where required.

**E. Encourage resident and stakeholder involvement in procurement**

Shettleston Housing Association is a community based organisation and we work closely with our community and seek to their input into all aspects of the services we deliver. Where procurement directly impacts our tenants it is important that they have the opportunity to help shape specification and outcomes.

In order to achieve this goal we will:

- Consider the most effective ways to involve tenants and stakeholders when preparing our procurement plans.
- Work in partnership with our Tenant Consultation Panel to develop specifications and service standards.
- Where tenants and stakeholders will be impacted by works provide an opportunity for them to help shape community benefits – particularly where these relate to local projects.
- Gather feedback through satisfaction surveys on quality and value for money of the services we provide.
- Publish our strategy and procurement register on our website and invite feedback from tenants and stakeholders.

#### **F. Promote innovation**

The Association has an opportunity to use its procurement of works, goods and services to promote innovation in the sectors it operates within. We will seek to use this opportunity to improve the efficiency of the services we provide and the quality and value for money of the goods and works we purchase. In order to achieve this goal we will:

- Consider how best to promote innovation through procurement processes
- Seek to innovate in our designs and specifications to improve energy efficiency and building performance to provide the best outcomes for tenants.
- Consider the use of innovative construction methods including modern methods of construction, off-site manufacture and technology based processes where these are shown to be more efficient.
- Consider collaborative procurement with others and the use of national / local frameworks to secure efficiencies or to improve economic benefit to local suppliers.
- Examine alternative funding methods, where appropriate, to ensure we are using the most efficient methods to finance works and the purchase of goods and services.

### **7. Freedom of Information**

The Association is required to comply with Freedom of Information (FOI) legislation and may be asked to disclose data in connection with its procurement activity under FOI or Environmental Information Regulations. To enable us to make informed decisions on the level of information that may or may not be disclosed all tender documentation will require bidders to identify information that they consider to be confidential or commercially sensitive, their justification for this and how long the confidentiality will last.

### **8. Risk Management**

In order to ensure compliance with procurement legislation and mitigate against the risk of inconsistency in our procurement activity the Association will:

- Maintain central records of all procurement activity

- Undertake a Procurement and Commercial Improvement Programme (PCIP) assessment of our procedures and develop and implement an action plan to address any recommendations arising from this
- Develop staff skills and training in procurement
- Reduce reliance on external consultants for procurement activity and seek to use in house resources and established frameworks, where appropriate.

## 9. Review and Reporting

This strategy will be reviewed annually and a report against progress with procurement goals will be presented to the Association’s Board at the end of each financial year.

The revised strategy will be published on Association’s website along with our annual contracts register.

In accordance with the Procurement Reform (Scotland) Act 2014 the Association will forward a copy of this strategy to Scottish Ministers.

### **Appendices:**

#### **1. Procurement arrangements and authority**

Current UK wide procurement thresholds (up to Jan 2022) are:

Goods & Services :	£ 189,330
Works :	£4,733,252

#### **2. Procurement Register**

The Procurement Register records recent contracts that have been delivered. Many maintenance works contracts are delivered by the Association’s subsidiary contractor and these are not included within the register.

##### **2.1 Contracts delivered 2020/21**

##### **2.2 Planned procurement activity**

**Appendix 1 - Procurement arrangements and authority**

<b>Procurement of Goods and Services</b>			
<b>Contract value</b>	<b>Procurement arrangement</b>	<b>Type</b>	<b>Authorisation / Tender Approval</b>
0 to £500	Seek price from suitable supplier	Unregulated	Approved officer
£501 to £1,000	3 verbal quotations from suitable suppliers	Unregulated	Approved officer (Gr7 and above)
£1,001 to £5,000	3 written quotations from suitable suppliers	Unregulated	Management Team member
£5,001 to £10,000	Minimum of 3 written competitive quotations from suitable suppliers	Unregulated	Executive Team member
£10,001 to £50,000	Minimum of 3 competitive quotations from suitable suppliers. Consider use of PCS Quick Quotes process or call-off from approved Framework	Unregulated	Appropriate sub-Committee
Above £50,000 but below current UK procurement threshold limits	Procurement options: <ul style="list-style-type: none"> <li>▪ Advertise on Public Contracts Scotland (PCS) website</li> <li>▪ Use Quick Quotes process on PCS</li> <li>▪ Call-off or mini-competition via approved compliant Framework</li> </ul>	Regulated	Appropriate sub-Committee to agree approach and authorise tender acceptance
Above current UK procurement threshold limits	Procurement options: <ul style="list-style-type: none"> <li>▪ Advertise on Public Contracts Scotland (PCS) website and, through this, the UK wide Find a Tender Service</li> <li>▪ Call-off or mini-competition via approved Framework</li> </ul>	Regulated	Appropriate sub-Committee to agree approach and authorise tender acceptance

<b>Procurement of Works</b>			
<b>Contract value</b>	<b>Procurement arrangement</b>	<b>Type</b>	<b>Authorisation / Tender Approval</b>
0 to £500	Seek price from suitable supplier or issue works order to approved contractor	Unregulated	Approved officer
£501 to £1,000	3 verbal quotations from suitable suppliers or issue works order to approved contractor	Unregulated	Approved officer
£1,001 to £5,000	Minimum of 3 written competitive quotations from suitable suppliers	Unregulated	Approved officer (Gr7 and above)
£5,001 to £10,000	Minimum of 3 written competitive quotations from suitable suppliers	Unregulated	Management Team member
£10,001 to £25,000	Minimum of 3 written competitive tenders from suitable suppliers. Consider use of PCS Quick Quotes process or call-off from approved compliant Framework	Unregulated	Executive Team member
£25,001 to £50,000	Minimum of 3 written competitive tenders from suitable suppliers. Consider use of PCS Quick Quotes process or call-off from approved compliant Framework	Unregulated	Appropriate sub-Committee
£50,001 to £2,000,000	Procurement options: <ul style="list-style-type: none"> <li>▪ Advertise on Public Contracts Scotland (PCS) website</li> <li>▪ Use Quick Quotes process on PCS</li> <li>▪ Call-off or mini-competition via approved compliant Framework</li> </ul>	Unregulated	Appropriate sub-Committee to agree approach and authorise tender acceptance
Above £2,000,000 but below current UK procurement threshold limits	Procurement options: <ul style="list-style-type: none"> <li>▪ Advertise on Public Contracts Scotland (PCS) website</li> <li>▪ Call-off or mini-competition via approved compliant Framework</li> </ul>	Regulated	Appropriate sub-Committee to agree approach and authorise tender acceptance

Contract value	Procurement arrangement	Type	Authorisation / Tender Approval
Above current UK procurement threshold limits	Procurement options: <ul style="list-style-type: none"> <li>▪ Advertise on Public Contracts Scotland (PCS) website and, through this, the UK wide Find a Tender Service</li> <li>▪ Call-off or mini-competition via approved compliant Framework</li> </ul>	Regulated	Appropriate sub-Committee to agree approach and authorise tender acceptance

#### Appendix 2 - 2.1 Procurement Register - Contracts Procured 2020/21

Contract Title	Start Date	End Date	Approximate Value	Procurement Route	Notes
Periodic Electrical Inspections	Nov 2020	March 2022	£67,716	Competitive tender via PCS Quick Quotes	
Clerk of Works Services for development project	Newbuild contract		£67,560	Mini competition via established Framework	
New Build Development St Mark's	Newbuild contract		£6,799,824	Mini-competition using established Framework	Re-tender required as original contractor withdrew
Internal Audit Consultant	Nov 2020	Oct 2023	£18,468	Competitive quality / price tender	Submissions sought from appropriate parties
Consultant Support Pensions Review	Short term contract		£7,800	Competitive quality / price tender	Submissions sought from appropriate parties
Fenella Street Completion of Block 3 & Externals	Dec 2020	May 2021	£323,017	Negotiated fixed price tender	Completion works following contractor administration

Appendix 2 - 2.2 Procurement Register – Planned Procurement April 2021 – March 2023

Procure 2021/22			
Contract Title	Contract Term	Anticipated Value	Procurement Route
Window Replacement Contract	short term	£135,000	Competitive tender via PCS Quick Quotes process
Entrance Door Replacement Contract	short term	£110,000	Competitive tender via PCS Quick Quotes process
Door Entry Replacement Contract	short term	£53,000	Competitive tender via PCS Quick Quotes process
Curtain Walling Replacement Contract	short term	£35,000	Competitive tender via PCS Quick Quotes process
Stone Repairs Contract	short term	£150,000	Competitive tender via PCS Quick Quotes process
Kitchen Replacement Contract	3 year contract	£160,000 per annum	Competitive tender via PCS Quick Quotes process
Bathroom Replacement Contract	3 year contract	£132,000 per annum	Competitive tender via PCS Quick Quotes process
Electrical Rewire contract	3 year contract	£117,000 per annum	Competitive tender via PCS Quick Quotes process
SHQS Kitchen upgrades	short term	£200,000	Competitive tender via PCS Quick Quotes process
Boiler replacement contract	short term	£100,000	Competitive tender via PCS Quick Quotes process
External Audit Services	5+1 +1 year contract	£35,000 per annum	Consider mini-competition using Framework or seek quality / price tenders from appropriate parties
ESSH2 - Consultant to advise on delivery plan	short term	£25,000	Consider direct award via national framework
Contractor to deliver EICR Inspections	3 +1 +1 year contract	£55,000 per annum	Competitive tender via PCS Quick Quotes process
Mobile phone contract	2 year contract	£20,000 per annum (across the group)	Competitive tender via PCS Quick Quotes process. Consider use of national framework
IT Support Services	3 year contract	£35,000 per annum	Competitive tender via PCS Quick Quotes process. Consider use of national framework

<b>Procure 2022/23</b>			
<b>Contract Title</b>	<b>Contract Term</b>	<b>Anticipated Value</b>	<b>Procurement Route</b>
Window Replacement Contract	3 year contract	£135,000 per annum	Competitive tender via PCS Quick Quotes process
Common Window Replacement Contract	3 year contract	£19,000 per annum	Competitive tender via PCS Quick Quotes process
Entrance Door Replacement Contract	3 year contract	£23,000 per annum	Competitive tender via PCS Quick Quotes process
Door Entry Replacement Contract	2 year contract	£50,000 per annum	Competitive tender via PCS Quick Quotes process
Boiler replacement contract	short term	£100,000	Competitive tender via PCS Quick Quotes process
SHQS Kitchen upgrades	short term	£200,000	Competitive tender via PCS Quick Quotes process
Newbuild Development Site (potential)	Newbuild contract	£5,500,000	Consider mini-competition using Framework, or Advertise competitive tender via PCS
Design Consultants newbuild Development site (potential)	Newbuild contract	£350,000	Consider mini-competition using Framework or Advertise competitive tender via PCS
Legal Advice Services	3 +1 +1 year contract	£84,000 per annum	Competitive tender via PCS Quick Quotes process. Consider use of national framework
Communications & Publication Services	3 +1 +1 year contract	£30,000 per annum	Competitive tender via PCS Quick Quotes process. Consider use of national framework
Consultant Support Maintenance Works	3 +1 +1 year contract	£40,000 per year	Consider use of Framework or PCS Quick Quotes process