

PROCUREMENT STRATEGY 2016-17 & 2017-18

1. BACKGROUND

Under the terms of the Procurement Reform (Scotland) Act 2014 a contracting authority which is likely to spend in excess of £5,000,000 in the next financial year is required to have a Procurement Strategy before the start of the year. Scottish Government requires that the first such strategy be published by 31 December 2016 and must cover the period from 31 December 2016- 31 March 2017 and 1 April 2017- 31 March 2018. This Strategy has been developed in line with the Guidance published by the Scottish Government in March 2016.

This Strategy sets out the overarching principles that will govern procurement reflecting the requirements of the Act. The strategy will be published on our website and publicised in our newsletters and any feedback from all our stakeholders will be taken into account when reviewing the Strategy.

It is proposed that as future Strategies are developed that there will be relevant and proportionate consultation and engagement with the various different stakeholders groups. This Strategy will be considered by the Board in January 2017.

2. INTRODUCTION

This strategy sets out our framework for ensuring that all regulated¹ procurement activities contribute to our strategic objectives of:

- Providing a variety of affordable housing , and in partnership with our customers, manage our services in a responsive and efficient way
- Delivering a Community Regeneration Strategy that improves the lives of people living in our communities.

3. CARRYING OUT FUNCTIONS AND ACHIEVEMENT OF PURPOSE²

The Association intends to ensure that its regulated procurements³ will contribute to the carrying out of its functions and the achievement of its purposes by:

- Ensuring that all regulated procurement for goods, services and works contracts are in response to business needs
- Ensuring that all regulated procurement is carried out in accordance with the Procurement Policy
- Ensuring that all procurement is proportionate to the size and scale of the requirement

¹ 2014 Act Section 3 defines a regulated contract and the applicable thresholds for public works and other public contracts

² Section 15(5)(a)(i) of the 2014 Act

³ A contract is regulated if-a) it is a public contract; b) the estimated value of the contract is equal to or greater than the contract threshold defined in the Act and c) it is not an excluded contract

- Ensuring that there is a clear audit trail associated with the procurement of all contracts whether deemed to be regulated or not
- Consider the use of Community Benefit Requirements in regulated contracts including those under the threshold of £4,000,000.

4. DELIVER VALUE FOR MONEY⁴

The Association will ensure that all regulated procurements deliver value for money by;

- Ensuring that the optimum combination of whole life costs and quality or fitness for purpose is considered for all regulated procurements
- All contracts are awarded on the basis of the most economically advantageous tender which balances price and quality.

5. DUTIES UNDER THE PROCUREMENT REFORM (SCOTLAND) ACT 2014⁵

The Association will ensure that all regulated procurements are carried out in compliance with the following duties:

- 5.1 To treat relevant economic operators equally and without discrimination by ensuring that all regulated procurement is advertised in compliance with the 2014 Act, the Public Contracts(Scotland) Regulations 2015 ,the Procurement (Scotland)Regulations 2016 and in accordance with the Policy on Procurement.
- 5.2 To act in a transparent and proportionate manner by ensuring that all regulated procurements are either:
 - i. Advertised on the Public Contracts Scotland Web site and in the European Journal if required or
 - ii. Awarded through a Framework established under the terms of the Public Contracts(Scotland) 2016 Regulations by the association or to which the association has access.

All regulated procurements will:

- i. use electronic communication when communicating with suppliers
- ii. be clear and precise in the language used to detail the requirements
- iii. utilise the European Single Procurement Document when seeking potential suppliers.

For unregulated contracts the association will use proportionate means to make their requirements known to the market for example by, but not limited to:

- i. Utilising the Quick Quotes facility
- ii. Advertising in trade journals if appropriate
- iii. Identifying local suppliers through open public and market engagement.

⁴ Section 15(5)(a)(ii)

⁵ Section 15(5)(a)(iii) of the 2014 Act

6. SUSTAINABLE PROCUREMENT DUTY⁶

The Association will ensure that in all regulated procurements it will consider how, when framing the contract requirements it could contribute to the following:

- i) Improving the economic, social and environmental wellbeing in particular reducing inequality of the East End of Glasgow, our main area of operation
- ii) Facilitating the involvement of small and medium enterprises⁷, third sector bodies⁸ and supported businesses⁹ in the process
- iii) Promoting innovation.

7. COMMUNITY BENEFIT REQUIREMENTS: ¹⁰

These will deliver outcomes that are in the best interests of the local community and deliver more than economic benefits.

The duration and value of the contract will be assessed to determine how the contract could contribute to the association's Community Regeneration Objectives of:

- i) Increasing residents' digital skills and their ability to access the internet
- ii) Increase the job readiness of people in our communities who are furthest from the labour market
- iii) Help people and groups in our communities to improve their skills, abilities and confidence
- iv) Maximise the income of people in our communities who are dependant on benefits
- v) Improve the local environment in our communities
- vi) Develop new funding streams in order to sustain our projects long term.

Such requirements may be specified to support the existing Community Regeneration programmes developed by the association either:

- i. By means of a financial contribution proportionate to the contract value and duration
or
- ii. By means of an in-kind contribution to be agreed and monitored by the association.

8. CONSULTATION AND ENGAGEMENT:¹¹

Where our customers are affected by a procurement process we will consult and engage with those affected in line with our strategy for Customer Engagement and the requirements of the Scottish Social Housing Charter.

⁶ Section 15(5)(a)(iii)

⁷ Small and medium enterprises means businesses with not more than 250 employees

⁸ Third sector bodies means organisations (other than bodies established under enactment) that exist wholly or mainly to provide benefits for society or the environment

⁹ 2015 Regulations: Regulation 21: Supported Businesses as defined an economic operator whose main aim is the social and professional integration disabled or disadvantaged persons and where at least 30% of the employees are disabled or disadvantaged persons

¹⁰ Section 15(5)(b)(i)

¹¹ Section 15(5)(b)(ii)

9. LIVING WAGE¹²

In all regulated procurements we will seek information with regard to the policy of the economic operator in relation to payment of the living wage¹³ and where appropriate commitment to fair work practises.

Payment of the living wage itself will not be a condition of any assessment process with regard to selection of the economic operator, but an assessment of fair work practises may be used to assess the contribution to the sustainable procurement duty in relation to improving the economic and social wellbeing of the area.

10. HEALTH AND SAFETY AT WORK:¹⁴

Promote compliance with the Health and Safety at Work Act 1974(c37) by requiring information in relation to policies of the economic operators and details of any failures as part of the assessment process.

For all works and services contracts the selection process will ensure that all contractors and sub contractors invited to participate will have to demonstrate their compliance with the Health and Safety at Work Act 1974.

For contractors this will be assessed at Pre-qualification stage by either a 3rd party accreditation or policy .At tender stage contractors will be required to confirm that all sub contractors are compliant with the terms of the Act.

11. FAIRLY AND ETHICALLY TRADED GOODS AND SERVICES:¹⁵

Ensure that the procurement requirements relating to Fairly and Ethically Traded Goods and Services are applied in a relevant, proportionate and legally compliant manner.

12. PAYMENTS:¹⁶

The association will as far as reasonably practicable ensure that:

- i. Regulated contracts include the provision to require the contractor to make payment to any sub contractor within 30 days of invoice
- ii. Regulated contracts include the provision that all sub contractors of the main contractor will be required to make payments to their subcontractors within 30 days of invoice
- iii. In accordance with the Financial Regulations ensure that payments under contracts are made timeously in accordance with relevant contract condition
- iv. Where sub contractors are involved a system of monitoring compliance by means of Key Performance Indicators will be agreed with the main contractor.

¹² Section 15(5)(b)(iii)

¹³ Living Wage is defined as remuneration which is sufficient to ensure an acceptable standard of living S15(7) of the Procurement Reform(Scotland) Act 2014

¹⁴ Section 15(5)(b)(iv)

¹⁵ Section 15(5)(b)(v)

¹⁶ Section 15(5)(d)

13 ANNUAL PROCUREMENT REPORT

The association will produce an Annual Procurement Report as soon as practicable after the end of the financial year. The first such report will cover the period from 31 December 2016 to 31 March 2018. Where regulated procurement exceeds £5.0 million in any financial year the report will be made as directed by Scottish Ministers.

The report will cover the following:

- i. A Summary of all regulated procurements where an award notice has been published
- ii. A review of whether those procurements complied with the procurement strategy
- iii. Where procurements did not comply a statement regarding how future procurements will comply
- iv. A summary of community benefits imposed that were fulfilled in the year
- v. A summary of any steps taken to facilitate the involvement of community businesses
- vi. A summary of the regulated procurements that is expected to commence in the next two years.

14. PROCUREMENT ANTICIPATED 2017-18

The attached schedule lists all procurement activity it is proposed to undertake in 2017-18 and the mechanism that will be used in relation to the procurement process. All procurements listed have been agreed by the Executive Team and will be allowed for within the organisation's Business Plan for 2017-22.

This schedule will form part of the Business Plan approved by the Association's Board. Any additional procurement that could not have been foreseen and may be required during the course of the year can be added to the schedule with the approval of the Executive Team.

Such approval may be subject to an assessment of the financial impact of the proposed procurement process on the approved Business Plan. Additions to the schedule will be reported to the Board at the mid year and a final schedule of all procurements will be presented after the year end.

15 REVIEW

This strategy will be reviewed annually as part of the Business Planning process. The review will include consultation with relevant stakeholders as part of the process.

Thenue Housing Association

December 2016