



Procurement Strategy

Approved: April 2018

Review Date: March 2021

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Executive summary

This Strategy is aimed at promoting effective procurement across Govanhill Housing Association and its subsidiary companies. It strikes a balance between setting out a detailed plan for improving procurement, with specific targets and a flexible planning framework. We need to be flexible to be able to respond to the rapidly changing environment around procurement and to learn from our own experience and the experiences of others.

The overarching purpose of the Strategy is to support the delivery of high quality services that offer value for money, in a sustainable way and taking account of best practice and EU procurement legislation.

1. Introduction

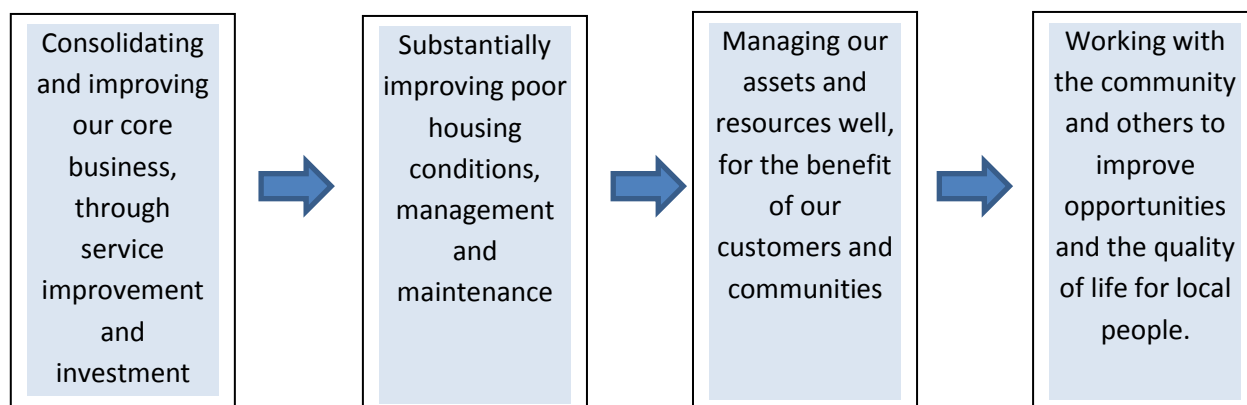
- 1.1 This strategy aims to demonstrate a clear and well-structured approach to the Govanhill Group's procurement activities outlining what will be done, how and when it will be achieved.
- 1.2 The strategy is intended to ensure our compliance with the Procurement (Scotland) Act 2014 ["the 2014 Act"] and the following statutory guidance and regulations:
 - Addressing fair working practices, including the living wage, in procurement (Scottish Procurement Policy Note SPPN 1/2015 Scottish Government)
 - The Public Contracts (Scotland) Regulations 2015
 - The Procurement (Scotland) Regulations 2016
 - Guidance under the Procurement Reform (Scotland) Act (Scottish Government, March 2016)
- 1.3 The Strategy sets out how we will direct our external spend on goods, services and works to meet statutory and good practice requirements, to achieve savings and to deliver wider local economic, environmental and social benefits for our community.
- 1.4 In accordance with the 2014 Act, the strategy also sets out *how* our procurement activity will contribute to carrying out the Association's functions, how it will deliver value for money and how it will contribute to meeting the general duties described in the Act.
- 1.5 In our Business Plan 2016-19, we have set out our mission, our values and our objectives, plans and resources for the future. These are that:

Everyone living in Govanhill and Merrylee should:

Enjoy good quality, warm, safe and affordable housing that contributes to their health and wellbeing and to community pride

Live in a neighbourhood that is clean and well cared for, with excellent neighbourhood services and opportunities for all

1.6 We are committed to:



1.7 One of our strategic objectives also relates directly to procurement.

We will base our decision making on sound evidence and financial assessments and provide excellent support to our committee members and staff in their roles.

1.8 This Procurement Strategy is informed by these objectives, vision and values. It is also aligned with the Scottish Model of Procurement which uses the power of public spend to achieve the best balance between cost, quality and sustainability..

2. Strategy Rationale/Context

2.1 The Association is a contracting authority for the purposes of the Procurement Reform (Scotland) Act 2014. The 2014 Act places a number of general duties on contracting authorities regarding their procurement activities and contains some specific measures aimed at promoting good, transparent and consistent practice in procurement processes.

2.2 No later than 31 December 2016, a contracting authority which expects to have significant procurement expenditure (defined as £5 million¹) in the next financial year must **prepare a procurement strategy**. The Strategy must set out how the authority intends to carry out regulated procurements or how it will review its existing procurement strategy for the current financial year and make such revisions to it as the authority considers appropriate. The Act further states that a contracting authority which is required to prepare or revise a procurement strategy in relation to a financial year must also **prepare an annual procurement report** on its regulated procurement activities as soon as reasonably practicable after the end of that financial year.

2.3 The total value of contracts procured by Govanhill Housing Association as a group exceeds the specified threshold, and we must therefore prepare a procurement strategy and annual

¹ The threshold value of £5 million (excluding VAT) represents the total value of regulated procurements. That is, all procurements for goods and services with an estimated value equal to or greater than £50,000, and procurements for works with an estimated value equal to or greater than £2 million, contribute to this total

report. Our first procurement strategy covers the period 1 January 2017-31 March 2018, with the first annual report to follow as soon as reasonably practical after March 2018.

3. Procurement Vision and Objectives

3.1 Our vision is to provide high quality, fit-for-purpose procurement which will provide best value for the association and support us in the delivery of our corporate aims and objectives.

3.2 We will provide a procurement service which supports value for money in its purchasing decisions, while supporting financial sustainability, excellent customer services and meeting all statutory obligations, having particular regard to Scottish, UK and EU procurement regulations, Equalities Act 2010, and environmental legislation.

3.3 We have set the following objectives in terms of procurement:

- To ensure that the procurement process is clear and structured in such a way as to achieve the best value for money
- To ensure that existing specifications are reviewed and to seek out new sources of supply and methods of delivery.
- To ensure that contracts are appropriately managed during the life-cycle of the procurement.
- To ensure that we recognise and deliver on our responsibility to fulfil our contractual obligations to pay our creditors on time.
- To ensure that procurement is performed in a fair, transparent, proportionate and cost effective manner.

4. Strategy Commitments and Framework for Delivery

4.1 This section sets out our high level framework for delivering excellent procurement and meeting our legal obligations under the 2014 Act.

4.2 The framework will be rolled out across the Association and our subsidiaries. We will prepare an organisation-wide action plan following approval of the strategy, and senior management will then ensure that our strategy commitments are met across all parts of the business.

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
<p>Corporate approach to procurement <i>(Section 15(5)(a) (i) of the Act)</i></p>	<p>We will achieve effective corporate procurement by:</p> <ul style="list-style-type: none"> • Ensuring that all procurement activity across the organisation aligns with our corporate procurement policy and that training is provided to all relevant staff. • Ensuring that staff are involved in reviews of the policy and have a clear involvement in improving processes where required

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
	<ul style="list-style-type: none"> • Ensuring that all procurement activity complies with statutory and regulatory requirements • Ensuring that contracts can be structured in such a way as to assist, wherever practical, local suppliers, small and medium enterprises and the third sector to tender for appropriate contracts • Ensuring that relevant contracts include a community benefits clause • Ensuring that relevant contracts include sustainable procurement requirements
<p>Award of contracts and value for money <i>(Section 15(5)(a) (ii) of the Act)</i></p>	<p>We will ensure that our regulated procurement, so far as reasonably practicable, is carried out in accordance with this procurement strategy.</p> <p>Where there are no appropriate frameworks in place and for regulated procurements where the estimated value of the contract is equal to or greater than £50,000 for goods and services and £2 million for works, we will award contracts on the basis of the most economically advantageous tender (MEAT) which balances value for money and the required quality of the service, goods or works being procured</p> <p>Where relevant, we will consider the whole-life cost of the goods and services being procured.</p> <p>At the end of each regulated procurement, we will continue to complete a tender completion report that reviews the procurement exercise including lessons learned.</p> <p>We will work continuously to improve our policies and procedures for our internal customers and suppliers.</p>
<p>Equality and non discriminatory practices <i>(Section 15(5)(a) (iii) of the Act)</i></p>	<p>We are committed to ensuring our procurement processes treat contractors equally and without discrimination. We will use clear and precise language which prevents broad interpretation and we will also consider contract size to maximise returns including the opportunity to break requirements into smaller lots as appropriate.</p>

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
	<p>In line with the Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, we consider equality throughout our tender processes and comply with legislation. Suppliers are required to provide details of any equality policies and systems that they have in place that will be utilised when delivering the contract. This is included in our standard terms and conditions.</p> <p>Discrimination in relation to the treatment of workers in the main contract and sub-contracts is also addressed in tender documentation and our standard terms and conditions where this is appropriate.</p> <p>Also included in our tender documentation and our standard terms and conditions is the Employment Relations Act 1999 (Blacklists) Regulations 2010 which addresses blacklisting activities.</p>

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
<p>Ensuring transparency and proportionality <i>(Section 15(5)(a) (iii) of the Act)</i></p>	<p>We will act in a transparent and proportionate manner in our procurement processes.</p> <p>Our evaluation criteria are set to be proportionate and relevant to our needs to make sure smaller suppliers are not disadvantaged.</p> <p>We will also publish our Procurement Strategy, our current regulated contracts register and our forward procurement plan. This additional information will advise suppliers when contracts will be procured and assist them in bidding for our work. Our main vehicle for this publication will be our website.</p> <p>We will use the Public Contracts Scotland website for all regulated procurement opportunities.</p> <p>We are working to improve our processes so that no later than October 2018, all our procurement communication will be electronic.</p> <p>We will use clear and precise language in our procurement processes to ensure a common understanding of requirements.</p>
<p>Meeting the sustainable procurement duty <i>(Section 15(5)(a) (iii) of the Act)</i></p>	<p>We will, for every appropriate regulated procurement consider how, in conducting the procurement, we can:</p> <ul style="list-style-type: none"> • improve the economic, social, and environmental wellbeing of our area of operation • facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and • promote innovation <p>We will seek in particular but not exclusively, benefits in economic, environmental, social and health related areas where they are relevant to the particular procurement.</p> <p>Transparency is a key driver of the sustainable procurement duty and this strategy highlights key publications which help us to achieve this. (annual procurement report, use of PCS for</p>

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
	<p>advertising regulated contracts and publishing notice awards).</p> <p>We also recognise the need for transparency in debriefing to help bidding organisations to understand the relative strengths and weaknesses of their bids and to help them develop.</p>
<p>Community benefits <i>(Section 15(5)(b) (i) of the Act)</i></p>	<p>We will promote the use of community benefit clauses within procurement exercises where relevant and proportionate to the contract. We recognise that the majority of community benefits are likely to come through higher value and longer term contracts but we will consider their relevance and possible inclusion in all appropriate procurements.</p> <p>In contracts where the value is above £4m we will detail in the tender documents a summary of the community benefit requirements we intend to include in a contract. If we do not intend to include any such requirements, we will give a statement of our reasons for not doing to.</p> <p>Community benefits will be extremely varied, and can range from training opportunities such as apprenticeships to promoting careers to school children in relevant areas.</p> <p>We will evaluate community benefits in a similar manner to other sustainability aspects. The appropriate weighting will be determined on a case by case basis.</p> <p>Our annual procurement report will include a summary of any community benefits in place and planned in future already determined contracts.</p>
<p>Consultation with those affected by the Association's procurements <i>(Section 15(5)(b) (ii) of the Act)</i></p>	<p>We will consult on our procurement strategy and action plan with our customer base in general and with our tenants and residents associations, RTOs and Management Committee in particular.</p> <p>Our consultation regarding value for money is ongoing and has so far consisted of a large scale customer survey and some more focussed work with smaller groups of residents. From this work we want to gain a better understanding of how our customers define value for money and what</p>

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
	<p>their key priorities are in terms of our procurement of works, services and goods.</p> <p>We will consider what consultation is required in relation to each procurement process and will not adopt a one size fits all approach. The most common type of consultation we undertake will be on contracts for major works to occupied housing properties, where mixed tenure customers are affected by works to their homes and buildings.</p> <p>As Govanhill is an ethnically diverse area, we have a number of members of staff who speak community languages. In addition we are members of Happy to Translate and will use both resources as required to provide both written and verbal information while engaging with those affected by our procurement.</p>
<p>Ensuring fair working practices <i>(Section 15(5)(b) (iii) of the Act)</i></p>	<p>We expect those we contract with to adhere to the Scottish Government Statutory Guidance addressing fair work practices, including the living wage.</p> <p>In particular, we expect those we contract with to have in place policies which describe how they adopt fair working practices for all workers engaged on delivering the contract.</p>
<p>Health & Safety <i>(Section 15(5)(b) (iv) of the Act)</i></p>	<p>We will require all potential contractors to meet Health and Safety legislation as part of the procurement process. Each procurement will set out clearly what is expected of contractors and will specify particular additional requirements where these are relevant (for example, compliance with CDM Regulations).</p> <p>If there are specific health and safety issues relating to a particular procurement, we will as part of the process, require a contractor to detail, as part of the process, the measures it would implement to respond to the identified risks. This would then form part of the scoring mechanism.</p> <p>Where a contractor has stated how they manage health and safety within their workplace in relation to the contract, we expect that they are able to provide proof of this in practice (eg</p>

Procurement issue and 2014 Act requirements	Strategy Commitments and Key Actions
	<p>through risk assessments, staff training records)</p> <p>The degree to which Health & Safety requirements are specified in procurement documentation will vary according to the goods, works or services being procured.</p>
<p>Fair and ethically traded goods and services <i>(Section 15(5)(b) (v) of the Act)</i></p>	<p>Where appropriate, we will include conditions in tender documentation or framework agreements to ensure compliance with environmental, social and employment law.</p>
<p>Payments to contractors and sub contractors <i>(Section 15(5)(d) of the Act)</i></p>	<p>We are committed to paying our suppliers promptly, and include a clause in our standard terms and conditions stating that we will pay undisputed invoices within 30 days from receipt.</p> <p>We are in the process of introducing new computer systems which should assist us in streamlining our payment processes. We also use BACS instead of cheque payments where appropriate and encourage suppliers to email invoices to us for speed and ease of delivery and processing.</p> <p>We are committed to developing and implementing more efficient order and invoice processing techniques through effective use of our new computer systems.</p>

5. Finance

5.1 Our current group annual approximate spend in key areas is noted in the chart below.

<p>Construction & Maintenance</p> <ul style="list-style-type: none"> Maintenance & improvements to tenants' homes New Build Repairs to offices <p>Est. annual spend of £17.8m</p>	<p>Equipment & Materials</p> <ul style="list-style-type: none"> Stationery & office supplies Printing & postage Office furniture & equipment <p>Est. annual spend of £100k</p>	<p>Telecomms & IT</p> <ul style="list-style-type: none"> Fixed & mobile telephony services IT software & hardware IT consumables and maintenance <p>Est. annual spend of £300k</p>
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Professional Services

- Insurance
- Legal & Professional
- Staff Training
- Cleaning

Est. annual spend of
£475k

Utilities

- Electricity supply to common areas
- Office heat and light

Est. annual spend of
£65k

- 5.2 Where there are no appropriate frameworks available, for regulated procurement (over £50,000) we will work with our internal customers to design, develop and procure contracts that are fit for purpose, ensure value for money and are compliant with legislation. We will use an open process for the majority of this procurement to open up the opportunity to suppliers, in particular, to SMEs, and reduce paperwork and timescales.
- 5.3 Our policy, where possible, is to advertise tender opportunities above £50,000, excluding VAT, on the national advertising portal, Public Contracts Scotland, in order to make opportunities available to all potential suppliers.
- 5.4 For contracts valued below these sums the procurement processes as laid out in our Financial regulations will be followed.
- 5.5 We will, in accordance with Regulation 67 of the Public Contracts (Scotland) Regulations 2015, award EU regulated contracts on the basis of the most economically advantageous tender (MEAT). This means we will award using a balance of price or cost and the required quality of the service, goods or works being procured and not on the basis of lowest price or lower cost only. We may award the majority of points in an evaluation to price or cost if to do so will reflect its priority for the particular contract.
- 5.6 Under Regulation 69 of the Public Contracts (Scotland) Regulations 2015, we will require a bidding organisation who submits, in our determination, an abnormally low tender to explain this further.
- 5.7 At the end of each regulated procurement, we will complete a tender completion report that reviews the procurement exercise including lessons learned.
- 5.8 In terms of our procurement processes we will increase efficiency over the coming year through:
- Improved invoice processing and faster payments to contractors through more efficient use of BACS and an increasing use of e processes.
 - Tendering of key corporate contracts where these are coming to an end
 - A review of corporate processes to ensure the most efficient processes are being used utilising LEAN project management techniques.
 - Committing resources, financial or otherwise to areas where a small spend can lead to a larger saving in time or money

6. Continuous Improvement

- 6.1 We will ensure that all staff involved in the procurement process have the necessary skills and training to carry out their role and understand the requirements of the procurement legislation.
- 6.2 We have in place a Procurement Policy and procedures to assist staff in delivering best practice
- 6.3 We will ensure person specifications and job descriptions show procurement related duties where these apply and will discuss procurement with those staff at induction and through their annual performance reviews carrying out training for them as required.

7. Implementation, Monitoring, Reviewing and Reporting

- 7.1 The priorities contained in the strategy will be translated into specific tasks each year using existing operational and financial planning processes. We will also use the corporate business planning process to identify new procurement projects which are likely to require additional support.
- 7.2 We will review the strategy and our action plan annually. The outcome of the annual review will be a new programme of work and identified tasks that will feed into the operational and financial planning processes for the following year.
- 7.3 We will provide an annual report of our procurement activities which will be published on our website and also quarterly reports to the relevant Committee on action against proposed spend during the period of the plan.
- 7.4 As soon as practicable after the end of the financial year, an annual procurement report will be published to include
 - A summary of regulated procurements completed during the year covered by the report
 - A review of whether those procurements complied with the procurement strategy
 - Non compliant regulated procurements and a statement of the intention to ensure future procurements do comply
 - Summary of community benefits as part of regulated procurements in the report
 - Summary of steps taken to facilitate involvement of supported businesses in regulated procurements during the report period
 - Summary of regulated procurements expected to commence in the next 2 financial years

8. Strategy Ownership & Contact details

- 8.1 This strategy was approved by Govanhill Housing Association's Management Committee on 4th April 2018.
- 8.2 For further information about this strategy, in the first instance, please contact:

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