


Procurement Strategy

2021-24

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1.0 Background

- 1.1 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. The Scottish Government requires that the Strategy for the following financial year must be published by 31 March of the previous year. This strategy covers the period from 1 April 2021 to 31 March 2022. This Strategy has been developed in line with the Guidance published by The Scottish Government in April 2016.
- 1.2 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.
- 1.3 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. The Strategy will be reviewed annually by the Board.

2.0 Introduction

- 2.1 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.
- 2.2 On publishing this Strategy, Glen Oaks Housing Association must notify the Scottish Ministers by sending an email to ProcurementStrategies@gov.scot with a copy of this Strategy attached or a link to where this Strategy can be accessed from.

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

- 2.3 The Corporate Management Team will implement and review this Strategy and develop our approach during the early years following best practice in the sector and beyond. Performance monitoring will be through future internal audit programmes, regular reports to the Board of Glen Oaks Housing Association and assessment against a selection of questions from the Procurement and Commercial Improvement Programme (PCIP); questions to be agreed, good practice suggests.
- 2.4 This Strategy is approved annually by the Board (still to be approved) and will be reviewed on an annual basis to ensure compliance with legislation and to enable Glen Oaks Housing Association to strategically respond to any changing environmental factors. Glen Oaks Housing Association will publish an annual procurement report which will provide details on all regulated procurement and address all matters contained within this Strategy.
- 2.5 A glossary of the terms used in this document is given in Appendix A.
- 2.6 In preparation of this document, reference has been made to the following documents (please note that this is not an exhaustive list):
- [Procurement & Commercial Improvement Programme](#)
 - [The Scottish Model of Procurement](#) (See Appendix B)
 - [Procurement Reform \(Scotland\) Act 2014](#)
 - [Guidance under the Procurement Reform \(Scotland\) Act 2014](#)
 - Annual Procurement Report (to be prepared in March 2022)
 - <http://www.publiccontractscotland.gov.uk/>
 - <https://www.procurementjourney.scot/procurement-journey>
 - [Procurement Policy](#)

3.0 Function & Purpose²

- 3.1 The Association intends to ensure that its regulated procurement exercises³ 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;

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 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;
- 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.

4.0 Value for Money⁴

4.1 The Association will ensure that all regulated procurement exercises 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 procurement exercises; &
- All contracts are awarded on the basis of the most economically advantageous tender that balances price and quality.

5.0 Duties under the Procurement Reform (Scotland) Act 2014⁵

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

- (i) 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 Procurement Policy.
- (ii) To act in a transparent and proportionate manner by ensuring that all regulated procurement exercises are either:
 - (a) Advertised on the Public Contracts Scotland (PCS) Website; or

⁴ Section 15(5)(a)(ii)

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

- (b) 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.
- (iii) All regulated procurement exercises will:
- (a) Use electronic communication when communicating with suppliers;
 - (b) Be clear and precise in the language used to detail the requirements; &
 - (c) Utilise the Single Procurement Document (SPD (Scotland)) when seeking potential suppliers.
- (iv) For unregulated contracts the Association will use proportionate means to make their requirements known to the market for example by, but not limited to:
- (a) Utilising the PCS Quick Quotes facility;
 - (b) Advertising in trade journals if appropriate; &
 - (c) Identifying local suppliers through open public and market engagement.

5.2 A schedule of current Procurement Thresholds is given in Appendix C.

6.0 Sustainable Procurement Duty⁶

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

- (i) Improving the economic, social and environmental well-being in particular reducing inequality in our area of operation;
- (ii) Facilitating the involvement of small and medium enterprises⁷, third sector bodies⁸ and supported businesses⁹ in the process; &
- (iv) Promoting innovation.

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

7.0 Community Benefit Requirements¹⁰

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

7.2 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 in Partnership with WorkingRite;
- (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.

7.3 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.

8.0 Consultation & Engagement¹¹

8.1 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.

¹⁰ Section 15(5)(b)(i)

¹¹ Section 15(5)(b)(ii)

9.0 Living Wage¹²

- 9.1 In all regulated procurement exercises 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.
- 9.2 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.

10.0 Health and Safety at Work¹⁴

- 10.1 Promote compliance with the Health and Safety at Work Act 1974 by requiring information in relation to policies of the economic operators and details of any failures as part of the assessment process.
- 10.2 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.
- 10.3 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.

11.0 Fairly and Ethically Traded Goods and Services¹⁵

- 11.1 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 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)

12.0 Payments¹⁶

12.1 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.

13.0 Annual Procurement Report

13.1 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 1 April 2021 to 31 March 2022. Where regulated procurement exceeds £5.0 million in any financial year, the report will be made as directed by Scottish Ministers.

13.2 The report will cover the following:

- (i) A summary of all regulated procurement exercises where an award notice has been published;
- (ii) A review of whether those procurement exercises complied with the procurement strategy;
- (iii) Where procurement exercises did not comply a statement regarding how future procurement exercises 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; &

¹⁶ Section 15(5)(d)

- (vi) A summary of the regulated procurement exercises that is expected to commence in the next two years.

14.0 Procurement Anticipated 2021-24

- 14.1 The attached schedule in Appendix D lists all procurement activity it is proposed to undertake in 2021-25 and the mechanism that will be used in relation to the procurement process. All procurement exercises listed have been agreed by the Corporate Management Team and will be allowed for within the Association's Business Plan for 2021-26 and Asset Management Strategy.
- 14.2 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 Corporate Management Team.
- 14.3 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 procurement exercises will be presented after the year end.

15.0 Review

- 15.1 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.

APPENDIX A

Glossary of Terms and Abbreviations

Below is a list of some of the terms and abbreviations used in this strategy – the explanation is given in the context of Procurement

Added Value	Features and benefits offered which exceed the specification for the contract.
Award Criteria	The list of key criteria that is used to assess a supplier's tender
Benchmarking	A process of continually measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement.
Best Practice	Documented working practices that provide optimum operational performance within a specific business environment.
European Union Regulations	EU Regs are rules and regulations set by the European Union with regard to procurement for public sector organisations. These rules and regulations are set to protect suppliers and must always be followed by all public sector organisations.
Governance	The Framework of authority and control within an organisation.
Most Economically Advantageous Terms (MEAT)	The optimum combination of whole life costs and benefits assessed against predetermined evaluation award criteria which will normally be detailed in the Invitation to Tender (ITT) or equivalent documentation.
Public Contracts Scotland	A national advertising website where all Scottish public sector organisations can publicise the contract opportunities.
Procurement	The process of buying goods, services or works.
Stakeholders	Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. tenants, staff, Scottish Government.
Sustainable Development	Development which meets the needs of the present without compromising the ability of future generations to meet their own needs e.g. the environmental and social impact of today's actions that may affect the ability of future generations.

Sustainable Procurement	The application of sustainable development principles (see above) to procurement.
Transparency	Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process and performing that procurement process as described in the communications with potential suppliers.
Vision	A statement describing how an organisation wishes to be in the future.
Values	Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.

Scottish Procurement



Scottish Model of Procurement



APPENDIX C

Procurement Thresholds

Procurement Threshold Changes - effective from 1 January 2021

The procurement thresholds values change every 2 years and the table below lists updated contract value thresholds that Contracting Authorities (Housing Associations) must follow for all procedures from 1 January 2021. More information can be found on The Scottish Government's Procurement Journey website <https://www.procurementjourney.scot/additional-resources/thresholds> and <https://www.gov.scot/publications/new-eu-procurement-thresholds-from-1-january-2020/>.

While in Euros the values have increased or remained the same, they have all increased in Sterling due to the conversion and value of the Pound against the Euro:

Contracting Authorities	Public Contracts Type	New Threshold (net of VAT)
Schedule 1 bodies	Supplies or Services	£122,976
Other contracting authorities (e.g. HA, RSL, LA etc)	Supplies or Services	£181,302
All Contracting Authorities	Works	£4,733,252
	"Light Touch Regime" services	£663,540
	Small lots / Supplies or Services	£70,778
	Small lots / Works	£884,720

Scottish Procurement Thresholds - No Changes

The Procurement Reform (Scotland) Act 2014 thresholds have no changes and the procurement obligations for contracts with values above the following 'Scottish' thresholds:

Contracting Authorities	Public Contract Type	Threshold (net of VAT)
All Contracting Authorities	Supplies or Services	£50,000
	Works	£2,000,000

APPENDIX D

Anticipated Procurement 2021-24

Type of Contract	Estimated Value	Description	Procurement Route
Works	£4.0m	Arden Phase 7A&B	SPA Framework
Works	£7.5m	Old Darnley Development	PCS Dual Stage or Framework
Works	£250,000	Bin/Bulk Collection	PCS Single Stage
Works	£600,000	Common Doors/Door Entry Systems	PCS Single Stage
Works	£700,000	Darnley Windows	PCS Single Stage
Works	£1.8m	Arden Backcourts	PCS Single Stage
Total	£14.9m		

NB Figures net of VAT
